

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" herein and interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes. However, under the Code, such interest may be subject to certain other taxes affecting corporate holders of the Bonds. Under the laws of the Commonwealth of Pennsylvania, the Bonds are exempt from personal property taxes in Pennsylvania, and interest on the Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" herein.

The Township has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 (b)(3) of the Code (or such Bonds are deemed designated under the Code). For a more complete discussion, see "TAX MATTERS - Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations" herein.



\$3,655,000
TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)
General Obligation Bonds, Series A of 2016

DATED: Date of Delivery

PRINCIPAL PAYABLE: As shown on inside cover

INTEREST PAYABLE: January 15 and July 15

FIRST INTEREST PAYMENT: July 15, 2016

The Township of Lower Merion (the "Township") will issue \$3,655,000 General Obligation Bonds, Series A of 2016 (the "Bonds") as fully registered Bonds in the denomination of \$5,000 or whole multiples thereof. Interest on the Bonds is payable semiannually on January 15 and on July 15 of each year, commencing on July 15, 2016. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive principal and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The interest on the Bonds will be payable by check mailed to the owner as shown on the registration books maintained by the Paying Agent on behalf of the Township as of the applicable Record Date herein described. The principal of the Bonds will be payable upon surrender at the corporate trust office of M&T Bank in Buffalo, NY.

The Bonds are not subject to redemption prior to maturity.

Proceeds of the Bonds will be applied towards: (1) the current refunding of a portion of the Township's outstanding General Obligation Bonds; and (2) paying the costs of issuing the Bonds.

The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township are pledged to pay the principal of, and interest on, the Bonds.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery, when, as and if issued by the Township and received by the Underwriter and subject to delivery of the legal opinion of Saul Ewing LLP, Philadelphia, Pennsylvania, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery in New York, New York on or about May 10, 2016.

MATURITY SCHEDULE

\$3,655,000 General Obligation Bonds, Series A of 2016

<u>Maturity</u> <u>January 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP*</u>
2018	\$980,000	5.000%	0.580%	107.380	5482537U1
2019	1,320,000	5.000%	0.670%	111.483	5482537V9
2020	1,355,000	2.000%	0.830%	104.232	5482537W7

** The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Township and the Township is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. The Township has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.*

TOWNSHIP OF LOWER MERION

Montgomery County
Pennsylvania
Township Settled in 1682
Commenced Operation as First Class Township in 1900

**COMMISSIONERS
OF THE
TOWNSHIP OF LOWER MERION**

Paul A. McElhaney, President
Daniel S. Bernheim, Esquire, Vice President

Rick Churchill
Anna Durbin
Cheryl B. Gelber, Esquire
Brian A. Gordon, Esquire
Joshua L. Grimes, Esquire
Steven K. Lindner

George T. Manos, AIA
C. Brian McGuire
Tiffany O’Neill
Elizabeth S. Rogan
Philip S. Rosenzweig, Esquire
V. Scott Zelov

OFFICIALS

Ernie B. McNeely, Township Manager
Robert E. Duncan, Assistant Township Manager
Eric M. Traub, Chief Financial Officer
Gilbert P. High, Jr., Esquire, Township Solicitor
Edward P. Pluciennik, P.E., Township Engineer
Samuel T. Adenbaum, Township Treasurer
Jody L. Kelley, Township Secretary

Address all communications to the Township as follows:

Ernie B. McNeely, Township Manager
Township of Lower Merion
75 E. Lancaster Avenue
Ardmore, PA 19003-2323

Public Financial Management, Inc. Financial Advisor
(Philadelphia, PA)

Saul Ewing LLP Bond Counsel
(Philadelphia, PA)

M&T Bank Paying Agent,
(Buffalo, NY) Registrar and Sinking Fund Depository

The 2014 audited financial statements may be accessed via the internet at the following web address:
<http://www.lowermerion.org/Index.aspx?page=1199> under “Finance”, “2014 CAFR & Audit Reports”.

No dealer, broker, salesman or other person has been authorized by the Township of Lower Merion to give information or to make representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. The information set forth herein has been obtained from the Township and from other sources which are believed to be reliable but the Township does not guarantee the accuracy or completeness of information from sources other than the Township. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$3,655,000
TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)
General Obligation Bonds, Series A of 2016

INTRODUCTION

This Official Statement, including the cover page and inside front cover page hereof, is furnished by the Township of Lower Merion, Montgomery County, Pennsylvania (the "Township"), in connection with the offering of \$3,655,000 General Obligation Bonds, Series A of 2016 (the "Bonds"). The Bonds are dated the date of issuance and are being issued pursuant to an Ordinance of the Board of Township Commissioners enacted on April 6, 2016 (the "Ordinance") and in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat. § 8001 et seq., as amended (the "Act").

PURPOSE OF THE BONDS

Proceeds of the Bonds will be applied towards: (1) the current refunding of a portion of the Township's outstanding General Obligation Bonds, Series B of 2010 (the "Refunded Bonds"); and (2) paying the costs of issuing the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:

Bond Proceeds	
Par Amount	\$3,655,000.00
Plus: Original Issue Premium	\$281,243.20
Total Sources of Funds	<u>\$3,936,243.20</u>

Uses:

Estimated Refunding Deposit with Paying Agent for the Refunded Bonds	\$3,848,734.66
Delivery Date Expenses:	
Estimated Costs of Issuance [†]	\$82,597.39
Underwriter's Discount	\$4,911.15
Total Uses of Funds	<u>\$3,936,243.20</u>

[†] Includes Legal Fees, Printing Costs, Rating Fees, Paying Agent Fees, Financial Advisory Fees and Miscellaneous.

THE BONDS

Description:

The aggregate principal amount of the Bonds to be issued is \$3,655,000. The Bonds will be fully registered as to principal and interest and will be in the denominations of \$5,000. The Bonds will be issued as one fully registered Bond for each maturity of the Bonds in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, as registered owner of all Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein. The principal of the Bonds shall be paid upon presentation and surrender thereof at the corporate trust office of M&T Bank, as paying agent and sinking fund depository for the Bonds (the “Paying Agent”). The Paying Agent will perform its duties pursuant to a Paying Agent Agreement to be dated as of the date of delivery of the bonds (the “Paying Agent Agreement”) between the Township and the Paying Agent.

The Bonds will be dated the date of issuance and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable semiannually on January 15 and on July 15 of each year (each, an "Interest Payment Date"), commencing on July 15, 2016. Interest is payable from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of issuance. Interest on the Bonds shall be paid by check mailed to the owner of such Bonds at the address of such owner as it appears in the registration books to be maintained by the Paying Agent, as bond registrar for the Bonds. Such payment shall be paid to the person in whose name such Bond is registered as of the close of business on the 15th day (whether or not a day on which the Paying Agent is open for business) preceding the next such Interest Payment Date (the "Record Date"). Any such interest not paid or duly provided for shall cease to be payable to the person who is the registered owner of the Bond as of the Record Date, and shall be payable to the person who is the registered owner of the Bond at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date and payment date shall be given by first class mail to the registered owners of the Bonds not less than ten (10) days prior to the Special Record Date.

Subject to the discontinuance provisions described below under “BOOK-ENTRY ONLY SYSTEM”, the Bonds may be transferred upon the registration books upon delivery of such Bonds to the Paying Agent. No transfer of any Bond will be effective until entered on the registration books.

The Bonds are being issued as non-electoral debt under the provisions of the Act and the principal amount of the Bonds is within the non-electoral borrowing capacity of the Township as defined in the Act. See Appendix A - "Financial Summary and Borrowing Capacity" herein.

Security:

The Bonds are general obligations of the Township, payable from its taxes and other revenues which, in the opinion of Bond Counsel, currently include ad valorem taxes which may be levied on all taxable property within the Township without limitation as to rate or amount. The Township has covenanted that it will provide in its budget for each year during which the Bonds are outstanding, and will appropriate from its general revenues in each such year, the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal amount of every maturity of the Bonds and the interest thereon on the dates and at the place and in the manner stated on the Bonds, and for such budgeting, appropriation, and payment the Township irrevocably pledges its full faith, credit and taxing power. The Act currently provides for enforcement of debt service payments as hereinafter described (see "LEGAL AND MISCELLANEOUS – Defaults and Remedies" herein).

Redemption Provisions:

Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Sinking Fund

A Sinking Fund for the Bonds, designated “Sinking Fund, Township of Lower Merion, Pennsylvania, General Obligation Bonds, Series A of 2016” (the “Sinking Fund”) shall be created pursuant to the Ordinance and shall be held by the Paying Agent segregated from all other funds of the Township. Under the Ordinance, the Township is required to deposit in the Sinking Fund, no later than each date when interest or principal is to become due on the Bonds, a sufficient sum so that on each such payment date the Sinking Fund will contain, together with any other available funds therein, sufficient money to pay in full the principal of and/or interest on the Bonds becoming due on such payment date.

The Sinking Fund shall be secured and invested, to the extent practicable, by the Paying Agent in securities or deposits authorized by the Debt Act, upon written direction of the Township. Such deposits and securities shall be in the name of the Township but shall be subject to withdrawal or collection only by the Paying Agent. Such deposits and securities, together with the interest earned thereon, shall be a part of the Sinking Fund.

BOOK-ENTRY ONLY SYSTEM

Portions of the following information concerning DTC (as defined below) and DTC's book-entry system have been obtained from DTC. The Township and the Underwriter make no representation as to the accuracy of such information.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial

Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a series, maturity and interest rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds and, if applicable, redemption premium, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest on the Bonds and, if applicable, redemption premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

In the event of the discontinuance of the book-entry system for the Bonds, Bond certificates will be printed and delivered and the following provisions of the Paying Agent Agreement will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the designated corporate trust office of the Paying Agent located in Pennsylvania, as provided in the Paying Agent Agreement; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the registrar of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "THE BONDS."

Disclaimer of Liability for Failures of DTC

THE TOWNSHIP, THE FINANCIAL ADVISOR AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE TOWNSHIP, THE FINANCIAL ADVISOR NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

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THE TOWNSHIP

The Township is a township of the first class and operates under the authority of an Act of Assembly of the Commonwealth of Pennsylvania being the Act of June 24, 1931, P.L. 1206, reenacted and amended May 27, 1949, P.L. 1955, the amendments thereto and the supplements thereof (the "First Class Township Code"). The fiscal year of the Township is the calendar year. The Township is governed by 14 Commissioners, one elected from each ward. The Township Manager is the operating executive.

TAXING POWERS OF THE TOWNSHIP

The Township may levy a tax for general purposes on the assessed value of real estate up to 30 mills (35 mills with permission of the Court of Common Pleas for the County) and an unlimited amount for debt service on obligations issued under the Act. Other specific millages are permitted under the First Class Township Code and under other laws for certain specific purposes.

Under the Act of December 31, 1965, P.L. 1257, effective January 1, 1966 ("The Local Tax Enabling Act"), which replaced and repealed Act 481 of June 25, 1947, P.L. 1145, additional taxes may be levied (subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege), subject to the following limitations:

Tax on Occupations – no rate limit set by The Local Tax Enabling Act if a millage or percentage of the assessed valuation of occupations is used as a base.

Per Capita Tax.....	\$10.00
Gross Receipts of wholesalers and retailers.....	1 mill
Gross Receipts of services and others.....	1 1/2 mills
Wages, salaries, commissions and other earned income of individuals.....	1%
Transfer of title of real property.....	1%
Local Services Tax.....	\$52.00
Admissions (except motion picture theatres).....	10%

The aggregate amount of taxes under The Local Tax Enabling Act shall not, in the case of any political subdivision, including school districts of the second, third and fourth classes, exceed an amount equal to the product of 12 mills on the latest total market value of real estate as determined by the board for the assessment and revision of taxes or any similar board established by the assessment laws which determines market values of real estate within the political subdivision; or if no such board has determined such values, then the values as certified by the State Tax Equalization Board shall be used.

Act 7 (amending Act of May 25, 1945, P.L. 1050) approved by the General Assembly of the Commonwealth of Pennsylvania on February 10, 1970, provides that real estate tax notices be sent out by the Tax Collector within 30 days following receipt of the tax duplicate by the Tax Collector unless extended by the taxing district but in no case later than the first day of July.

A 2% discount is allowed for payment within 60 days of date of notice and a penalty of 10% is imposed on payments received more than 120 days after the date of such notice.

Delinquent taxes are lienied by filing in the County Tax Claim Bureau each January in the year following the year of levy. The Township levies its own taxes and is independent of any other taxing authority.

Effective January 1, 2008, the Township implemented Pennsylvania Act 7 of 2007. Act 7 amended the Pennsylvania Local Tax Enabling Act, Act 511 of 1965, to make the following major changes to the Emergency

and Municipal Services Tax (EMST): renaming the EMST to the Local Services Tax (LST); implementing a mandatory low-income exemption from the tax for taxpayers whose total earned income and nets profits from all sources within the political subdivision are less than \$12,000; requiring employers to stop withholding the LST if an employee provides an upfront exemption certificate; and requiring the LST to be assessed and collected in installments based on the employer's payroll periods.

LABOR RELATIONS

There are two bargaining units to which the Township employees belong. The Fraternal Order of Police (FOP) Lodge No. 28 represents approximately 136 uniformed police officers. On December 19, 2012, the Township Board of Commissioners approved a new four-year FOP labor agreement (2013 through 2016). The Lower Merion Township Workers Association (WA) represents 218 employees who are primarily public works and clerical employees. The Township had a four-year WA labor agreement (2011 through 2014), which was scheduled to expire on December 31, 2014. However, in December of 2013, the contract was reopened and an additional year (2015) was approved by the WA and Township Board of Commissioners. The Township and the WA are currently still negotiating the terms of a new contract. Management and supervisory staff, as well as certain clerical positions, do not belong to a labor organization.

PENSION PLANS

The Township maintains two defined benefit pension plans covering substantially all full-time Township employees.

The Municipal Police Pension Plan and the Township Employees' Pension Plan are funded by contributions from the Township, the Township police officers, the Township employees and a share of proceeds from certain Commonwealth of Pennsylvania (the "State") taxes. In 2015, the amount of State entitlement received by the Township was \$2,027,072, of which \$1,356,837 was remitted to the Township's Municipal Police Pension Plan and \$670,235 to the Township Employees' Pension Plan. Other than Township employee contributions, no other contributions were needed for 2015. In 2016, the Municipal Police Pension Plan employee contribution rate is 1.2%, unchanged from 2015. The 2016 Employees' Pension Plan employee contribution rate is unchanged from 2015 for non-uniformed, non-contractual and management employees and is shown in the table below. An employee's credited service is the number of years an employee has been a member of the pension plan.

	Workers Association	Non-Union & Management
Employees hired prior to 2003:		
0 to 4.99 years of credited service	3%	4%
5 to 9.99 years of credited service	1%	2%
10 to 24.99 years of credited service	0%	1%
Over 25 years of credited service	0%	0%
Employees hired between 1/1/2003 and 12/17/2013	4%	5%
Employees hired after 12/17/2013	5%	5%

In accordance with the Internal Revenue Code (IRC) Section 457, the Township offers a deferred compensation plan (457 plan), in which employees may elect to participate. The Township makes a 7% contribution into individual deferred compensation accounts for each of its management employees, which is administered by ICMA-RC. For the year ended December 31, 2015, the cost to the Township for the 457 plan was \$279,821. Additionally, employees contributed \$1,169,765 in 2015. Also, in December 2013, the Township established a new 401(a) Governmental Profit Sharing Plan for management employees hired after November 20, 2013. These employees are eligible for enrollment in the Governmental Profit Sharing Plan after three months of Township

employment with a Township contribution of 4% of the employee's base salary, and subject to IRS annual limits, with 100% vesting of the Township's contributions after three years (36 months) from an employee's hire date. For the year ended December 31, 2015, the cost to the Township for the 401(a) plan was \$5,672.

As of the most recently completed actuarial valuation on January 1, 2015, neither pension plan had any unfunded actuarial accrued liability. Effective with the January 1, 2015 actuarial valuation, the Township reduced its actuarial assumed annual growth to 7.2% from 8%. Even after this change both the Township's pension plans were over 110% funded as of January 1, 2015. The pension fund investment results improved significantly after the economic downturn in 2008, with generally positive returns that exceeded the actuarial assumption of 7.2% annual growth from 2009 through 2015. The Township will continue to closely monitor the market and pension plan performance to determine what, if any, funding challenges are presented for the foreseeable future. The next actuarial valuation will be based on demographic, financial and actuarial data as of January 1, 2017 and will be filed with the appropriate State agencies.

Other Post-Employment Benefits

The Township provides certain health care and life insurance benefits for its retirees (commonly referred to as "other post-employment benefits" or "OPEB"). The Township annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. At December 31, 2015, the Township's unaudited net OPEB liability was \$14,394,996 and the unfunded actuarial accrued liability was \$34,760,005.

FUTURE FINANCING

Subsequent to the issuance of the Bonds, the Township anticipates issuing a general obligation new money bond in the approximate amount of \$7,750,000 in the spring of 2016. A general obligation new money bond issue in the approximate amount of \$10,000,000 is anticipated in 2017. The amounts may change as the Township updates its capital budget and six-year capital improvement program.

TAX MATTERS

Tax Exemption-Opinion of Bond Counsel

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Township subsequent to the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Township has made covenants to comply with such requirements.

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the Township comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so includable in gross income retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. Based on the representations made by the Township, it is the opinion of Bond Counsel, that banks, thrift

institutions and other financial institutions which purchase the Bonds may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Bonds pursuant to Sections 265(b) and 291(e)(1)(B) of the Code. Bond Counsel expresses no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon. See discussion of “Alternative Minimum Tax,” “Branch Profits Tax,” “S Corporations with Passive Investment Income,” “Social Security and Railroad Retirement Benefits,” “Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations,” “Property or Casualty Insurance Company,” “Reportable Payments and Backup Withholding,” and “Accounting Treatment of Amortizable Bond Premium” below.

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the Bonds, and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. Specifically, the Bonds are exempt from personal property taxes in Pennsylvania and interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax.

Alternative Minimum Tax

The Code includes, for purposes of the corporate alternative minimum tax, a preference item consisting of, generally, seventy-five percent (75%) of the excess of a corporation's “adjusted current earnings” over its “alternative minimum taxable income” (computed without regard to this particular preference item and the alternative tax net operating loss deduction). Thus, to the extent that tax-exempt interest (including interest on the Bonds) is a component of a corporate holder's “adjusted current earnings,” a portion of that interest may be subject to the alternative minimum tax.

Branch Profits Tax

Under the Code, foreign corporations engaged in a trade or business in the United States will be subject to a “branch profits tax” equal to thirty percent (30%) of the corporation's “dividend equivalent amount” for the taxable year. The term “dividend equivalent amount” includes interest on tax-exempt obligations.

S Corporations with Passive Investment Income

Section 1375 of the Code imposes a tax on the income of certain small business corporations for which an S Corporation election is in effect, and that have “passive investment income.” For purposes of Section 1375 of the Code, the term “passive investment income” includes interest on the Bonds. This tax applies to an S Corporation for a taxable year if the S Corporation has Subchapter C earnings and profits at the close of the taxable year and has gross receipts, more than twenty-five percent (25%) of which are “passive investment income.” Thus, interest on the Bonds may be subject to federal income taxation under Section 1375 of the Code if the requirements of that provision are met.

Social Security and Railroad Retirement Benefits

Under Section 86 of the Code, certain Social Security and Railroad Retirement benefits (the “benefits”) may be includable in gross income. The Code provides that interest on tax-exempt obligations (including interest on the Bonds) is included in the calculation of “modified adjusted gross income” in determining whether a portion of the benefits received are to be includable in gross income of individuals.

Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

The Code, subject to limited exceptions discussed below, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the Bonds and any other tax-exempt obligations acquired after August 7, 1986.

An exception to the complete denial to financial institutions for interest paid on funds allocable to purchase or carry tax-exempt obligations applies if such obligations are "qualified tax-exempt obligations." Under Section 265(b)(3) of the Code, an obligation is a "qualified tax-exempt obligation" if: (i) the obligation is not a "private activity bond;" (ii) the Township and all entities that must be aggregated with it pursuant to the Code ("Other Issuers") do not reasonably anticipate issuing during the calendar year tax-exempt obligations (other than private activity bonds) in excess of \$10 million (other than certain obligations not required to be taken into account under the Code); and (iii) the Township designates the tax-exempt obligations as "qualified tax-exempt obligations." For purposes of this exception, a qualified 501(c)(3) bond is not included within the definition of a "private activity bond." If the tax-exempt obligation is a "qualified tax-exempt obligation," then eighty percent (80%) of the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry such obligations will be allowed under Sections 265(b) and 291(e)(1)(B) of the Code.

The Township has represented that the Bonds are not private activity bonds. The Township has demonstrated that the Bonds are eligible pursuant to Section 265 of the Code, and has represented that neither it nor any Other Issuers has issued or expects to issue more than \$10,000,000 of "tax-exempt obligations" (other than certain obligations not required to be taken into account for purposes of that Section of the Code) in the calendar year 2016. Based on such representations, it is Bond Counsel's opinion, that banks, thrift institutions and other financial institutions which purchase the Bonds may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Bonds pursuant to Sections 265(b) and 291(e)(1)(B) of the Code.

Property or Casualty Insurance Company

The Code also provides that a property or casualty insurance company may also incur a reduction, by a specified portion of its tax-exempt interest income, of its deduction for losses incurred.

Reportable Payments and Backup Withholding

Under 2006 amendments to the Internal Revenue Code, payments of interest on the Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an "exempt person" under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to "backup withholding" at a specified rate prescribed in the Code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder's taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The payor will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any "reportable payments" during such year and the amount of tax, if any, with respect to payments made on the Bonds.

Accounting Treatment of Amortizable Bond Premium

The Bonds maturing on January 15, 2018 through and including January 15, 2020 are hereinafter referred to as the "Premium Bonds." An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the inside cover page over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's

basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

LEGAL AND MISCELLANEOUS

Closing Certificate:

Upon the delivery of the Bonds, the Township shall furnish, or cause to be furnished, a certificate, in form satisfactory to Bond Counsel and the Underwriter (defined hereinafter), to the effect that no litigation or other proceedings are pending or threatened in any court or other tribunal of competent jurisdiction, state or federal, in any way (a) seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or (b) questioning or affecting the validity of the purchase proposals (the "Bids") under which the Bonds were purchased, the Bonds, the Ordinance, or the pledge to the holders of the Bonds of any moneys or other security provided under the Ordinance, or (c) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Bonds, or (d) questioning or affecting the organization or existence of the Township or the title to office of any of the officers thereof, or (e) questioning or affecting the power and authority of the Township to issue the Bonds, to enact the Ordinance or to accept the Bids.

Negotiability of Bonds:

Under the Act, the Bonds have all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code and are negotiable instruments.

Litigation:

To the best of the Township's knowledge, there is no pending or threatened litigation, as of the date of the Official Statement, that would result in a material adverse change in the general affairs or financial conditions of the Township.

Legality:

Saul Ewing LLP, Philadelphia, Pennsylvania, Bond Counsel, is expected to deliver an opinion with respect to, among other things, the due authorization, issuance and sale of the Bonds. See Appendix C for a Proposed Form of Bond Counsel's Opinion.

Ratings:

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned to the Bonds municipal bond ratings of "Aaa" and "AAA," respectively. An explanation of the significance of these ratings and any outlook may be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that these ratings will continue for any period of time or that the ratings will not be revised or withdrawn. Any such revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds.

Defaults and Remedies:

In the event of failure of the Township to pay or cause to be paid the interest on or the principal of the Bonds, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, is the right of the holders of the Bonds to recover the amount due by bringing

an action in assumpsit in the Court of Common Pleas of Montgomery County. The Act provides that any judgment shall have an appropriate priority upon the moneys next coming into the treasury of the Township. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies herein described.

Secondary Market Disclosure:

General. The Township has covenanted for the benefit of the Holders of the Bonds in a Continuing Disclosure Agreement dated March 22, 2013, which is being supplemented to include the Bonds (collectively, the “**Disclosure Agreement**”) to (a) provide notices of the occurrence of certain enumerated events; and (b) provide certain financial information and operating data relating to the Township by not later than the first day of the eleventh calendar month immediately following the end of the Township's fiscal year, e.g., by not later than November 1 of each year, commencing November 1, 2016 (the “**Annual Report**”). The Annual Report and the notices of significant events, both summarized below, will be filed by the Township with the Electronic Municipal Market Access System (“**EMMA**”) maintained by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is summarized below. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2 12, as amended (the “**Rule**”).

Annual Reports. The Township's Annual Report filed with EMMA shall contain or incorporate by reference the following information with respect to the relevant fiscal year: (i) audited financial statements; (ii) an update of the following types of financial and operating information included in the Official Statement – (a) real estate tax collection information, (b) calculations showing the outstanding principal amount of Township indebtedness as of the fiscal year-end, and the amount of additional indebtedness the Township is permitted to incur in the future under then applicable law as of fiscal year-end and (c) pension plan unfunded liability (to the extent available), investment returns and contribution information; and (iii) the total numbers of employees of the Township.

Notices of Significant Events. Upon the occurrence of any of the following notice events, the Township shall in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, file with EMMA notice of such occurrence: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax status of the Bonds; (7) modifications to rights of Holder, if material; (8) Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers; (9) defeasances of Bonds; (10) release, substitution, or sale of property securing repayment of any Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; or (15) failure to provide annual financial information as required.

Accounting Standards. The financial statements described above shall be audited in accordance with generally accepted accounting principles applicable in the preparation of financial statements of the Township as such principles are from time to time promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body (“**GAAP**”), and shall also comply with applicable federal and state auditing statutes, regulations, standards and/or guidelines. The Township may from time to time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Audited financial statements of the Township not submitted as part of the Annual Report shall be provided to EMMA if and when available to the Township, and in any event not more than thirty (30) days after receipt thereof from the Township's auditors.

In the event that audited financial statements are not submitted as part of the Annual Report, the Township shall provide in lieu thereof unaudited financial statements meeting the description set forth above.

Termination of Reporting Obligation. The Township's obligations under the Disclosure Agreement shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor Obligated Person of all of the obligations of the prior Obligated Person both under the Disclosure Agreement and under the Bonds.

Amendments. Notwithstanding any other provision of the Disclosure Agreement, the Township may modify or amend the Disclosure Agreement. Under the current SEC interpretation of the Rule, the following preconditions must be satisfied: (a) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the Township, or change in the type of business conducted by the Township; (b) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially adversely affect the interests of Holder as determined either by a party unaffiliated with the Township (such as the Paying Agent or nationally recognized bond counsel) or by an approving vote of a majority of Holders.

To the extent required by the Rule, the Township shall disclose in the next Annual Report the amendment and its impact on the information being provided.

Defaults. In the event of a failure of the Township to comply with any provision of the Disclosure Agreement, the Paying Agent, any Participating Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the Township to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under the Disclosure Agreement in the event of any failure of the Township to comply with the Disclosure Agreement shall be an action to compel performance, provided, however, that nothing in the Disclosure Agreement shall limit any Holder's rights under applicable federal securities law.

As of the date hereof, the Township has complied in all material respects with its written undertakings over the last 5 years.

Underwriting:

The Bonds will be purchased by Morgan Stanley & Co. LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of \$3,931,332.05, which is equal to (i) the aggregate principal amount of the Bonds, less (ii) an amount equal to the Underwriters' discount of \$4,911.15, plus (iii) an amount equal to original issue premium of \$281,243.20. The Underwriter will purchase all of the Bonds in accordance with the terms of the Bid. The initial public offering price may be changed by the Underwriter from time to time without any requirement of prior notice. The Underwriter reserves the right to join with other dealers in offering the Bonds to the public, and said Bonds offered to other dealers may be at prices lower than those offered to the public.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Changes in Federal Law:

From time to time, there are presidential proposals, proposals by various federal committees and legislative proposals in Congress that, if enacted, could alter or amend the tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulations or other potential changes in law. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulations or other potential changes in law.

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Other:

This Official Statement contains a summary of certain provisions of the Act, taxing powers, the Bonds, the Township's Ordinance, budget, financial statement and certain other contracts and documents, and the summaries and/or definitions used herein may vary from the legal language. All such summaries are subject to all of the detailed provisions of all such instruments, budgets or financial statements, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions of such instruments or statements.

All other estimates and assumptions herein have been made on the best information available and are believed to be reliable but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

Neither this Official Statement, nor any statement which may have been made orally or in writing, is to be construed as a contract with the purchasers of any of the Bonds.

TOWNSHIP OF LOWER MERION

By: /s/ Paul A. McElhaney

President, Board of Township Commissioners

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FINANCIAL INFORMATION

The Financial Summary which follows shows, among other things, the total debt and the resulting debt ratios of the Township, including the Overlapping Debt Burden, which is debt incurred by other municipal entities, the debt service, or a portion of the debt service thereon being payable, either directly or indirectly, by taxes levied upon individuals and commercial and industrial establishments located within the Township.

The Lower Merion School District (the "School District"), a separate political subdivision of the Commonwealth of Pennsylvania, serves the Township with educational facilities. In addition to the Township, the School District also includes the Borough of Narberth. The Township represents 95.7% of the School District based upon the 2014 Market Values of taxable real estate as last published by the State Tax Equalization Board on July 31, 2015. The Township's proportionate share of the School District's debt, as so determined, is shown under "Overlapping Debt Burden" in Appendix A at \$262,270,635.

The Township represents 13.7% of the County of Montgomery 2014 Market Values of taxable real estate as defined above. The net debt of the County is \$363,000,000 as of December 31, 2015. The Township's proportionate share thereof is \$49,731,000.

Based on the Township's most recent audited financial statements for the fiscal year ending December 31, 2014, the General Fund results were as follows: total receipts were \$55.1 million, total expenditures were \$56.6 million including net debt service, and net other financing sources/uses were \$1.2 million, resulting in a deficit of approximately \$0.3 million compared to a budgeted deficit of \$1.8 million.

The Township's 2015 General Fund budget includes total receipts of approximately \$58.2 million and total expenditures of \$60.4 million, resulting in a budgetary imbalance of \$2.2 million. The 2015 Budget anticipated a planned \$2.2 million actual deficit and drawdown of fund balance. Based on the Township's 2015 preliminary unaudited results, the General Fund results are as follows: total receipts of \$57.9 million, total expenditures of \$58.2 million including net debt service, and net other financing sources/uses were \$1.3 million, resulting in a surplus of approximately \$1.0 million.

The Township's Adopted 2016 General Fund budget includes total receipts of approximately \$59.1 million and total expenditures of \$61.7 million, resulting in a budgetary imbalance of \$2.6 million. The 2016 budget anticipates a planned \$2.6 million actual deficit and drawdown of fund balance.

The 2014 audited financial statements may be accessed via the internet at the following web address: <http://www.lowermerion.org/Index.aspx?page=1199> under "Finance", "2014 CAFR & Audit Reports", and "2014 Comprehensive Annual Financial Report (CAFR)".

Adopted Fiscal Policies:

Undesignated Fund Balance Reserve. It is the Township's policy to maintain a minimum year-end General Fund ("GF") undesignated fund balance no less than 12 percent of that year's total GF operating expenditures. This minimum reserve will allow the Township to realize a certain level of investment earnings and provide a minimum GF reserve for emergencies and contingencies. Further, it is the goal of the Township to maintain a year-end GF undesignated fund balance within a minimum of 15 percent and a maximum of 18 percent of that year's total GF operating expenditures. Undesignated GF fund balance is defined as those financial resources available for spending and therefore not reserved for specific purposes such as encumbrances.

1. *Fund Balance Planning:* Each fiscal (calendar) year during the budget-building process, the GF fund balance reserve will be evaluated by the Board of Commissioners to determine if adequate levels of reserves are being maintained, based upon the Township's financial strength and the economic conditions. The Township will retain flexibility to allocate available funds based on the current circumstances and needs of the Township.

Financial analysis for the planning of the following year's year-end GF undesignated fund balance will be undertaken by the Township's Chief Financial Officer and presented periodically to the Board of Commissioners. At a minimum, such analysis shall be reported in advance of or within the publication of the annual GF Proposed Budget in October/November.

2. *Fund Balance less than 12 Percent:* Any temporary, planned reduction of the year-end GF undesignated fund balance below 12 percent shall require a two-thirds approval vote of the members of Board of Commissioners eligible to vote.

If the year-end GF undesignated fund balance has fallen or is expected to fall below 12 percent, the Board of Commissioners shall adopt a plan to provide for a scheduled replenishment back to a minimum of 12 percent by the end of the next fiscal year. In the absence of such a Board plan, the Township Manager shall implement expenditure reduction measures to accomplish such replenishment.

3. *Fund Balance less than 15 Percent Goal:* If the year-end GF undesignated fund balance has fallen or is expected to fall below the minimum goal of 15 percent as outlined in this policy, the Township Manager will present a plan for consideration by the Board of Commissioners to implement actions that would restore the fund balance to at least the minimum 15 percent goal.
4. *Fund Balance in excess of 18 Percent Goal:* If the year-end GF undesignated fund balance has exceeded or is expected to exceed the maximum goal of 18 percent as outlined in this policy, the Township Manager will present a plan for consideration by the Board of Commissioners to implement actions that would reduce the fund balance to within the goal range of 15 percent to 18 percent.

The Township has continuously met and exceeded its formally-adopted fund balance fiscal policies.

Debt Management Policy. The Township's Debt Management Policy statement sets forth guidelines for the financing of capital expenditures of the Township. It is the objective of the policy that (1) the Township obtains financing only when desirable, (2) the process for identifying the timing and the amount of debt financing be as efficient and open as possible, and (3) the most favorable interest rates and other related costs be obtained.

Debt financing is permitted to be issued or incurred under Commonwealth of Pennsylvania laws and shall only be used to purchase capital assets that will not be acquired from current resources. The payout schedule of any debt the Township issues shall generally not exceed the useful life of the asset or project; this allows for a close match between those who benefit from the asset and those who pay for it.

To enhance creditworthiness and prudent financial management, the Township is committed to systematic capital planning, intergovernmental cooperation and coordination, and long term financial planning. Evidence of this commitment to capital planning will be demonstrated through the adoption and periodic review of the six-year Capital Improvement Program (CIP), cash flow analysis of the spending plans, and regular public reporting of the information.

The Township Board of Commissioners reserves the right to amend this policy or waive any of its guidelines in order to address fiscal requirements and/or market conditions.

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1. Use of Debt Financing

- a. Debt financing will not be considered for any recurring purpose such as current operations or maintenance expenditures.
- b. The Township will invest any bond proceeds in safe, statutorily approved investment instruments, designed to match the expected cash flow needs of the capital projects. Adherence to the guidelines on arbitrage shall be followed, with the assumption that the Township will meet the federal spend down requirements that allow for an exemption from arbitrage calculations. The Township will employ an arbitrage rebate service provider for rebate calculations.
- c. The Township will use debt financing only for one-time capital improvement projects and unusual and long-lived (over 10 years) rolling stock and major equipment purchases under the following circumstances:
 - i. The project is included in the Township's capital improvement plan (or as amended) and is in conformance with the Township's operating budget policies;
 - ii. The project's useful life, or the projected useful life of the equipment, will be no less than ten years and, in aggregate, be equal to or exceed the term of the financing;
 - iii. There is anticipated to be revenue sufficient to service the debt, whether from anticipated annual revenue from the General Fund, Sanitary Sewer Fund, or other approved sources.

2. Structure and Term of Debt Financing

- a. Debt will be issued and structured to match projected capital cash flow needs, minimize the impact upon future budgetary revenue enhancement needs, and maintain a relatively rapid payment of principal.
- b. The Township will typically utilize borrowing terms of 20 years or less.
- c. General Obligation bonds will be the typical mode of long term debt financing.
- d. Competitive public sales of bonds will be generally preferred, depending upon market conditions.
- e. Bond issues will be structured to generally seek level debt service schedules so as to minimize significant changes from year to year in overall debt repayments.
- f. The typical structure of bonds will result in level principal and interest (combined) payments over the term of the debt. There shall be no "balloon" payments due at the end of the term.
- g. The Township will not use or issue interest rate derivatives or swap instruments without the specific approval of the Township Board of Commissioners.
- h. Interest and principal payments will typically commence the calendar/fiscal year following the issuance of the bonds.
- i. The Township will be mindful of the potential benefits (from lower interest rates) of issuing bank-qualified bonds, and will pursue such benefits when practical.
- j. The Township will typically seek fixed rate financings, especially in times of stable credit markets, based upon the lowest offered True Interest Cost (TIC).

- k. The Township may choose to issue bonds that pay a rate(s) of interest that varies according to pre-determined formula from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending upon market conditions and overall composition of the Township's debt portfolio.
- l. Call provisions will typically be included in new money bond issues. The call provisions will typically be either 5 year or 10 year.
- m. The Township will be mindful of its non-electoral debt limitations established by State law and endeavor to operate well within such limits at all times.
- n. At times, short-term borrowings will be implemented until a bond issue can be undertaken. Also, the Township may implement authorized temporary borrowings from internal funds of the Township, to be reimbursed with bond funds at a future date.
- o. The Township will seek to refund/refinance (current and/or advanced) its prior bond issues if favorable market conditions exist. A goal of achieving overall net present value savings of at least 3% will be a guiding benchmark.
- p. The sizing of any debt borrowings of the Township will be made after taking into consideration the probable timing and sizing of future borrowings so as to properly plan for future estimated capital cash flow needs.

3. Credit Ratings

- a. The Township recognizes the significant value of its Triple A bond credit ratings and will endeavor to protect these top credit ratings in all of its debt, budgetary and financial management undertakings.
- b. The Township will take all practical precautions to avoid any financial decision which will negatively impact its Triple A credit ratings on existing or future debt issues.
- c. The Township will take into account the impact of any new debt on overlapping debt and financing plans for the School District and County.
- d. The Township will generally employ the external services of a Financial Advisor and Bond Counsel to assist in the preparation of any bond offerings. Multi-year engagements will be sought for these services. Periodic requests for proposals will be solicited for these services. Prior to any bond offering, proposals will be submitted to the Township.
- e. The Township Manager and Chief Financial Officer (with the assistance of the Financial Advisor) shall be responsible for maintaining relationships with the rating agencies that assign ratings to the Township's debt. This effort will include representing the Township in meetings with and presentations to the rating agencies in conjunction with the Township's existing debt management program and any new debt issuance.
- f. The Township will disclose all material facts relating to the Township in its Official Statements accompanying debt issuances, taking into account the guidance on disclosure recommended by the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, and Generally Accepted Accounting Principles (GAAP).

4. Communication regarding Debt Management

- a. Good communication with bond credit rating agencies shall be maintained, and a policy of full and timely disclosure on every financial report and bond prospectus shall be followed.

- b. The Township, through its Chief Financial Officer, shall fulfill all compliance practices including primary and secondary market disclosures and certifications, arbitrage rebate monitoring and filing, federal and state law compliance, and market and investor relations.
- c. Forecasts of future debt issuance plans will be disclosed in all Official Statements and Township budgets.

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APPENDIX A

TOWNSHIP OF LOWER MERION

Financial Summary and Borrowing Capacity

(1)	Assessed Valuation		\$ 7,532,920,959
(2)	Total Market Value of Assessable Real Estate (January 1, 2016)		13,403,773,948
(2)	Percentage of Assessed Valuation to Total Market Value		56.2%
NET DEBT			
(3)	General Obligation Bonds Outstanding	\$ 96,620,000	
	Less Current Revenue Applicable	<u>(750,000)</u>	\$ 95,870,000
	General Obligation Notes Outstanding	-	
	Less Current Revenue Applicable	<u>-</u>	-
	General Obligation Bonds Series A of 2016		3,655,000
	NET DEBT OF TOWNSHIP		<u>\$ 99,525,000</u>
(4)	OVERLAPPING DEBT BURDEN		
(5) (6)	Proportionate Share of School District Debt (95.7%)		262,270,635
(7)	Proportionate Share of County Debt (13.7%)		<u>49,731,000</u>
	OVERLAPPING DEBT		\$ 312,001,635
	TOTAL NET DEBT OF THE TOWNSHIP AND OVERLAPPING DEBT		\$ 411,526,635
RATIO OF TOTAL NET DEBT TO:		<u>TOWNSHIP</u>	<u>OVERLAPPING</u>
	Total Market Value of Assessable Real Estate	0.74%	3.07%
	Assessed Valuation of Real Estate	1.32%	5.46%
	Population - 57,825	\$ 1,721 (8)	\$ 7,117 (8)
			\$ 8,838 (8)
RATIO OF POPULATION TO:			
	Total Market Value of Assessable Real Estate		\$ 231,799
	Assessed Valuation of Real Estate		\$ 130,271

(1) As of January 1, 2016.

(2) Estimate is based upon the latest information published by the State Tax Equalization Board (STEB) on July 1, 2015 for 2014. This STEB publication established a Common Level Ratio of 56.2% for the COUNTY OF MONTGOMERY for the calendar year of 2014.

(3) As of April 6, 2016.

(4) Based on outstanding principal amounts as of December 31, 2015.

(5) Due to the minimal amount of reimbursement received by the School District from the Commonwealth of Pennsylvania in respect of debt service, the debt ratios, after reimbursement, have been omitted from the above summary.

(6) Total outstanding debt less credit and exclusions as of December 31, 2015.

(7) County Local Government Unit debt as of December 31, 2015 according to State Records.

(8) Per person.

Borrowing Capacity

The Borrowing Base of the Township, as defined in the Act, and based upon the years 2013, 2014 and 2015 (estimate) is \$83,792,361.

	LEGAL <u>LIMIT</u>	NONELECTORAL <u>NET DEBT</u>	UNUSED <u>CAPACITY</u>
250% Net Nonelectoral Debt	\$ 209,480,903	\$ 99,525,000	\$ 109,955,903
350% Net Nonelectoral and Lease Rental Debt	\$ 293,273,264	\$ 99,525,000	\$ 193,748,264

TOWNSHIP OF LOWER MERION

Debt Service Schedule

General Obligation Bonds, Series A of 2016

DATED: May 10, 2016

DUE: July 15 as set forth below

<u>FISCAL</u>	<u>INTEREST</u>		<u>INTEREST</u>		
<u>YEAR</u>	<u>RATE</u>	<u>PRINCIPAL</u>	<u>Jan 15</u>	<u>Jul 15</u>	<u>TOTAL*</u>
2016	-	-	-	\$25,657	\$25,657
2017	-	-	\$71,050	\$71,050	\$142,100
2018	5.000%	\$980,000	\$71,050	\$46,550	\$1,097,600
2019	5.000%	\$1,320,000	\$46,550	\$13,550	\$1,380,100
2020	2.000%	\$1,355,000	\$13,550	-	\$1,368,550
<hr/>					
TOTAL*		\$ 3,655,000	\$ 202,200	\$ 156,807	\$ 4,014,007

**Totals may not add due to rounding.*

TOWNSHIP OF LOWER MERION

Comparative Tax Analysis and Tax Rates

<u>YEAR</u>	<u>ASSESSED VALUATION REAL ESTATE</u>	<u>TAX RATE (MILLS)</u>	<u>AMOUNT OF LEVY</u>	<u>COLLECTED IN LEVY YEAR</u>	<u>PERCENT COLLECTED</u>	<u>DELINQUENT AND INTERIM COLLECTED IN LEVY YEAR</u>	<u>INTERIM TAX COLLECTIONS</u>	<u>TOTAL COLLECTED IN LEVY YEAR</u>	<u>PERCENT COLLECTED</u>
2007	7,446,874,345	3.54	26,361,935	25,510,784	96.8%	547,970	161,867	26,220,621	99.5%
2008	7,501,357,064	3.61	27,079,899	26,192,935	96.7%	497,870	92,128	26,782,933	98.9%
2009	7,514,754,265	3.68	27,654,404	26,716,585	96.6%	548,030	65,941	27,330,556	98.8%
2010	7,480,048,376	3.78	28,274,531	27,312,658	96.6%	569,492	52,060	27,934,210	98.8%
2011	7,442,248,626	4.19	31,183,272	30,105,206	96.5%	552,187	19,082	30,676,475	98.4%
2012	7,404,023,301	4.19	31,023,101	30,043,347	96.8%	516,245	84,960	30,644,552	98.8%
2013	7,430,474,741	4.19	31,133,935	30,179,550	96.9%	467,123	91,465	30,738,138	98.7%
2014	7,471,624,826	4.19	31,306,335	30,366,570	97.0%	336,021	56,333	30,758,924	98.3%
2015	7,491,626,679	4.19	31,390,142	30,497,025	(1) 97.2%	387	145,044	30,642,456	97.6%
2016	7,532,920,959	4.19	31,563,174	5,247,197	(2) 16.6%	0	21,464	5,268,661	16.7%

(1) Preaudited Financial Result for Fiscal Year 2015.

(2) Unaudited Current Year Real Estate Taxes Collected as of February 29, 2016.

	<u>REAL ESTATE (MILLS)</u>	<u>LOCAL SERVICES TAX</u>	<u>REAL ESTATE TRANSFER</u>
Township of Lower Merion* (2016)	4.19	\$47.00	1/2%
Lower Merion School District (2015/2016)	26.2321	\$5.00	1/2%
County of Montgomery (2016)	3.459		1.00%

* In addition to the above taxes the Township levies a Mercantile Tax of one mill and a Business Privilege Tax of one and one-half mills on gross receipts. Collections from all Township sources are shown on the Income and Expense Statement hereinafter.

TOWNSHIP OF LOWER MERION

Income and Expense Statement

General Fund

(Based on the Audited Financial Statements of the Township)

GENERAL FUND (BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP)

REVENUES	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> Unaudited
REAL ESTATE TAXES	33,021,548	33,913,255	34,578,013	34,390,884	34,474,730
LICENSES AND PERMITS	4,403,394	4,611,691	5,247,353	5,513,292	5,365,000
MERCANTILE, BUSINESS AND LOCAL SERVICES TAXES	16,182,148	13,161,715	12,097,694	10,875,458	13,369,596
FINES, FORFEITS, AND COSTS	1,033,529	1,100,330	1,142,692	1,025,967	1,103,154
INTEREST	141,822	123,524	46,407	62,636	78,862
GRANTS AND GIFTS	116,674	129,035	536,518	68,045	89,982
DEPARTMENTAL EARNINGS	2,285,292	2,340,937	2,354,755	2,473,467	2,795,894
OTHER	692,679	635,278	654,731	679,742	619,863
TOTAL REVENUES	57,877,086	56,015,765	56,658,163	55,089,491	57,897,081
EXPENDITURES					
GENERAL GOVERNMENT	4,804,879	4,834,036	5,016,942	4,964,995	5,282,845
PUBLIC SAFETY	21,474,040	22,031,574	22,951,764	23,225,801	24,118,631
BUILDING AND PLANNING	3,184,721	3,326,671	3,339,930	3,422,778	3,348,770
PUBLIC WORKS	7,141,594	6,657,985	7,325,436	8,315,047	8,626,743
LIBRARIES, PARKS AND RECREATION	6,410,686	6,555,615	6,960,867	7,413,143	7,219,883
TOTAL EXPENDITURES	43,015,920	43,405,881	45,594,939	47,341,764	48,596,872
NET DEBT SERVICE ON CAPITAL IMPROVEMENT BONDS	8,572,330	8,982,182	9,022,927	9,261,521	9,559,325
TOTAL EXPENDITURES	51,588,250	52,388,063	54,617,866	56,603,285	58,156,197
OTHER FINANCING SOURCES	1,200,070	1,199,977	1,181,042	1,269,972	1,402,157
OTHER FINANCING USES	(89,000)	(6,196,994)	(96,281)	(98,986)	(90,454)
EXCESS OF REVENUES OR EXPENDITURES	7,399,906	(1,369,315)	3,125,058	(342,808)	1,052,587
FUND BALANCES					
BEGINNING OF YEAR	11,017,057	18,416,963	17,047,648	20,172,706	19,829,898
END OF YEAR	18,416,963	17,047,648	20,172,706	19,829,898	20,882,485
FOOTNOTES	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
PRINCIPAL	6,190,000	7,075,000	7,065,000	7,455,000	7,600,000
INTEREST	3,879,298	3,632,572	3,714,335	3,655,249	3,595,790
	10,069,298	10,707,572	10,779,335	11,110,249	11,195,790
LESS: FUNDS TRANSFERRED FROM SANITARY SEWER FUND	1,496,968	1,725,390	1,756,408	1,777,857	1,636,465
NET EXPENDITURES FROM GENERAL FUND	8,572,330	8,982,182	9,022,927	9,332,392	9,559,325

TOWNSHIP OF LOWER MERION

**2016 Budget
General Fund**

	<u>2015</u>	<u>2016</u>
	<u>BUDGET</u>	<u>BUDGET</u>
REVENUES:		
REAL ESTATE TAXES	\$ 34,762,000	\$ 34,789,419
LICENSES AND PERMITS	5,250,000	5,609,370
MERCANTILE, BUSINESS AND LOCAL SERVICES TAXES	10,987,000	11,176,000
FINES, FORFEITS AND COSTS	1,110,000	1,088,500
INTEREST	56,000	61,915
GRANTS AND GIFTS	50,000	50,000
DEPARTMENTAL EARNINGS	2,452,000	2,565,000
OTHER	3,566,600	3,731,440
	<hr/>	<hr/>
TOTAL REVENUES	58,233,600	59,071,644
EXPENDITURES:		
GENERAL GOVERNMENT	7,068,851	7,167,416
POLICE AND FIRE PROTECTION	24,627,686	24,762,682
BUILDING AND PLANNING	3,720,486	3,710,972
PUBLIC WORKS	7,841,539	8,424,944
LIBRARIES, PARKS AND RECREATION	7,594,947	7,447,758
DEBT SERVICE	9,567,420	10,207,732
	<hr/>	<hr/>
TOTAL EXPENDITURES	60,420,929	61,721,504
EXCESS OF REVENUES OR (EXPENDITURES)	(2,187,329)	(2,649,860)
FUND BALANCES:		
BEGINNING OF YEAR	18,457,758	18,736,141
END OF YEAR	<hr/> \$ 16,270,429 <hr/>	<hr/> \$ 16,086,281 <hr/>

TOWNSHIP OF LOWER MERION

Outstanding General Obligation Debt (All Nonelectoral)

<u>SERIES</u>	<u>PURPOSE OF THE ISSUE</u>	<u>Dated Date</u>	<u>Principal Due Dates</u>	<u>Outstanding INTEREST RATES</u>	<u>AMOUNT ISSUED</u>	<u>PAR OUTSTANDING as of 5/10/2016</u>
Series A of 2010	Refunding	5/24/2010	Jul 15th	3.000% to 4.500%	\$18,995,000	\$12,595,000
Series B of 2010*	New Money	5/24/2010	Jan 15th	3.000% to 3.000%	9,460,000	1,010,000
Series C of 2010 (BABs)	New Money	5/24/2010	Jan 15th	4.800% to 5.450%	14,540,000	14,540,000
Series A of 2011	Refunding	1/4/2011	Jul 15th	3.000% to 4.000%	15,345,000	8,990,000
Series B of 2011	Refunding	8/3/2011	Jan/Jul 15th	3.000% to 4.000%	10,830,000	10,375,000
Series A of 2012	Refunding	5/15/2012	Jan 1st	3.000% to 5.000%	11,680,000	9,160,000
Series A of 2013	New Money	3/22/2013	Apr 1st	2.000% to 2.750%	9,935,000	9,805,000
Series A of 2014	Refunding	4/17/2014	Jul 15th	2.000% to 4.000%	9,405,000	7,300,000
Series B of 2014	New Money	5/6/2014	Jul 15th	2.000% to 4.000%	9,455,000	9,055,000
Series A of 2015	Refunding	1/20/2015	Apr 15th	3.000% to 5.000%	4,195,000	3,695,000
Series B of 2015	New Money	1/20/2015	Apr 15th	3.000% to 5.000%	9,595,000	9,345,000
Series A of 2016	Refunding	5/10/2016	Jan 15th	2.000% to 5.000%	3,655,000	3,655,000
					\$127,090,000	\$99,525,000

* Excludes principal amounts being refunded by the Series A of 2016.

Principal Retirement of Outstanding Debt as of May 10, 2016

General Obligation Issues

(by Series)

<u>Year</u>	<u>Series A of 2010</u>	<u>Series B of 2010*</u>	<u>Series C of 2010 (BABs)</u>	<u>Series A of 2011</u>	<u>Series B of 2011</u>	<u>Series A of 2012</u>	<u>Series A of 2013</u>	<u>Series A of 2014</u>	<u>Series B of 2014</u>	<u>Series A of 2015</u>	<u>Series B of 2015</u>	<u>Series A of 2016</u>	<u>TOTAL AMOUNT</u>
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,000	\$ 410,000	\$ -	\$ -	\$ -	\$ 1,250,000
2017	920,000	1,010,000	-	2,065,000	45,000	1,470,000	55,000	870,000	450,000	555,000	335,000	-	7,775,000
2018	950,000	-	-	1,710,000	50,000	1,545,000	55,000	895,000	500,000	570,000	345,000	980,000	7,600,000
2019	1,500,000	-	-	1,655,000	50,000	60,000	335,000	1,330,000	395,000	600,000	360,000	1,320,000	7,605,000
2020	1,145,000	-	-	1,710,000	50,000	870,000	515,000	610,000	410,000	630,000	380,000	1,355,000	7,675,000
2021	1,700,000	-	1,165,000	595,000	1,750,000	385,000	610,000	5,000	415,000	655,000	400,000	-	7,680,000
2022	1,865,000	-	1,205,000	620,000	1,290,000	400,000	685,000	5,000	425,000	685,000	415,000	-	7,595,000
2023	2,190,000	-	1,240,000	635,000	720,000	1,025,000	775,000	5,000	435,000	-	440,000	-	7,465,000
2024	1,220,000	-	1,285,000	-	1,830,000	635,000	795,000	440,000	445,000	-	460,000	-	7,110,000
2025	5,000	-	1,325,000	-	1,775,000	1,375,000	805,000	390,000	455,000	-	485,000	-	6,615,000
2026	1,100,000	-	1,370,000	-	735,000	685,000	730,000	460,000	465,000	-	500,000	-	6,045,000
2027	-	-	1,420,000	-	1,105,000	710,000	610,000	470,000	475,000	-	515,000	-	5,305,000
2028	-	-	1,520,000	-	975,000	-	545,000	480,000	490,000	-	530,000	-	4,540,000
2029	-	-	1,700,000	-	-	-	555,000	500,000	505,000	-	545,000	-	3,805,000
2030	-	-	1,490,000	-	-	-	590,000	-	520,000	-	560,000	-	3,160,000
2031	-	-	820,000	-	-	-	645,000	-	535,000	-	575,000	-	2,575,000
2032	-	-	-	-	-	-	980,000	-	555,000	-	595,000	-	2,130,000
2033	-	-	-	-	-	-	520,000	-	575,000	-	615,000	-	1,710,000
2034	-	-	-	-	-	-	-	-	595,000	-	635,000	-	1,230,000
2035	-	-	-	-	-	-	-	-	-	-	655,000	-	655,000
2036	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-
													\$ 99,525,000

* Excludes principal amounts being refunded by the Series A of 2016.

TOWNSHIP OF LOWER MERION

Debt Service Payments

Annual Debt Service Payments		
General Obligation Debt as of May 10, 2016		

YEAR	PRIOR BONDS ⁽¹⁾⁽²⁾			SERIES A OF 2016			TOTAL DEBT SERVICE		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 1,250,000	\$ 1,669,287	\$ 2,919,287	\$ -	\$ 25,657	\$ 25,657	\$ 1,250,000	\$ 1,694,944	\$ 2,944,944
2017	7,775,000	3,167,801	10,942,801	-	142,100	142,100	7,775,000	3,309,901	11,084,901
2018	6,620,000	2,909,576	9,529,576	980,000	117,600	1,097,600	7,600,000	3,027,176	10,627,176
2019	6,285,000	2,672,276	8,957,276	1,320,000	60,100	1,380,100	7,605,000	2,732,376	10,337,376
2020	6,320,000	2,402,839	8,722,839	1,355,000	13,550	1,368,550	7,675,000	2,416,389	10,091,389
2021	7,680,000	2,132,937	9,812,937	-	-	-	7,680,000	2,132,937	9,812,937
2022	7,595,000	1,856,661	9,451,661	-	-	-	7,595,000	1,856,661	9,451,661
2023	7,465,000	1,591,663	9,056,663	-	-	-	7,465,000	1,591,663	9,056,663
2024	7,110,000	1,345,831	8,455,831	-	-	-	7,110,000	1,345,831	8,455,831
2025	6,615,000	1,105,517	7,720,517	-	-	-	6,615,000	1,105,517	7,720,517
2026	6,045,000	904,736	6,949,736	-	-	-	6,045,000	904,736	6,949,736
2027	5,305,000	727,260	6,032,260	-	-	-	5,305,000	727,260	6,032,260
2028	4,540,000	571,565	5,111,565	-	-	-	4,540,000	571,565	5,111,565
2029	3,805,000	439,779	4,244,779	-	-	-	3,805,000	439,779	4,244,779
2030	3,160,000	323,373	3,483,373	-	-	-	3,160,000	323,373	3,483,373
2031	2,575,000	233,276	2,808,276	-	-	-	2,575,000	233,276	2,808,276
2032	2,130,000	159,796	2,289,796	-	-	-	2,130,000	159,796	2,289,796
2033	1,710,000	100,609	1,810,609	-	-	-	1,710,000	100,609	1,810,609
2034	1,230,000	53,175	1,283,175	-	-	-	1,230,000	53,175	1,283,175
2035	655,000	10,644	665,644	-	-	-	655,000	10,644	665,644
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
TOTAL	\$ 95,870,000	\$ 24,378,600	\$ 120,248,600	\$ 3,655,000	\$ 359,007	\$ 4,014,007	\$ 99,525,000	\$ 24,737,606	\$ 124,262,606

(1) Debt service on the Series C of 2010 Bonds reflects announced reductions in BAB Credits through September 2024. Subsidy reduction rate of 6.80% for Federal Fiscal Year ("FFY") 2016 has been confirmed by IRS. FFY 2016 and beyond assumed at 6.80%, actual future sequestration reduction percentages are not yet available.

(2) Excludes debt service being refunded by the Series A of 2016.

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APPENDIX B

ECONOMY OF THE TOWNSHIP OF LOWER MERION

Location and Character:

The Township of Lower Merion (the "Township"), first settled in 1682 and well known as an attractive and affluent residential community, is located along Philadelphia's famed Main Line. Fine homes and estates, excellent highways, exclusive shops and department stores, luxurious apartment houses, stately church edifices, some buildings dating back to the 17th century, and superior public, private and parochial schools and colleges characterize the Township.

Covering an area of 23.64 square miles, the Township is bounded by the City of Philadelphia, the Boroughs of Conshohocken and West Conshohocken, and the Townships of Upper Merion and Whitemarsh in Montgomery County and by the Townships of Haverford and Radnor in Delaware County. The Borough of Narberth, although a separate political entity of one-half square mile, is completely surrounded by the Township.

Forming the Township's eastern boundary is City Avenue (U.S. Route 1) separating Lower Merion from the City of Philadelphia. Along City Ave., starting with the Schuylkill Expressway and continuing on to Lord & Taylor at Belmont Avenue in Bala Cynwyd, is what is known as the "Golden Mile" which also includes the radio and television studios of WCAU, the Exxon Building, the Fox Building and the Germantown Savings Bank Building. Just in back of these buildings are the One-Ninety-One Condominiums, Corinthian Condominiums and the Bala Cynwyd Plazas.

Running along the Township's northern border is the Schuylkill River paralleled by the Schuylkill Expressway (Interstate Route 76), a limited access express highway expediting travel to and from Philadelphia and Philadelphia International Airport and connecting with the Valley Forge interchange of the Pennsylvania Turnpike in Upper Merion Township.

Other highways serving the Township are U.S. Route 30 and State Routes 23 and 320. The Blue Route Expressway (Interstate Route 476), connects the Delaware Expressway (Interstate Route 95) near the City of Chester on the south with the Pennsylvania Turnpike near the Northeast Extension on the north, traveling through the western part of the Township. In addition, the Blue Route Expressway provides an interchange with the Schuylkill Expressway and Matsons Ford Road at the Township's western border.

The Southeastern Pennsylvania Transportation Authority's (SEPTA) famous Paoli/Thorndale line, serving the Main Line and providing frequent commuting service to and from downtown Philadelphia, travels through the Township, paralleling U.S. Route 30, with station stops within the Township at Merion, Wynnewood, Ardmore, Haverford, Bryn Mawr and Rosemont. In addition, the Cynwyd line has railroad stops at Bala and Cynwyd. Other unincorporated communities within the Township are Belmont Hills, General Wayne, Gladwyne, Penn Valley, Penn Wynne and Villanova.

Single family dwelling permits issued from 2005 to 2015, inclusive, are as follows:

<u>Year</u>	<u>Dwelling Permits Issued</u>	<u>Value</u>
2005	52	\$32,662,000
2006	67	29,448,000
2007	42	29,424,000
2008	22	12,049,000
2009	21	14,005,000
2010	17	7,698,000
2011	29	8,339,000
2012	36	11,722,000
2013	45	19,174,330
2014	22	6,758,250
2015	28	13,060,477

In 2015, the Township issued a total of 28 permits for the construction of new single-family dwellings. The estimated construction value for all twenty-eight units totaled \$13,060,477. The average cost of construction per dwelling was approximately \$466,445. During 2015, the Township issued 2,480 general construction permits. The combined value of these renovation and new construction projects totaled over \$211,946,990.

Major commercial, institutional and mixed-use projects under construction or about to begin construction in the Township include the following:

<u>Name</u>	<u>Square Footage</u>	<u>Approximate Cost</u>
BMW (75%)	New / 40,000	15,000,000
1 Ardmore Place (0%)	New/8,000 s.f. retail/110 apts	12,000,000
925 W. Lancaster Ave (65%)	New / 32,000	7,750,000
ShIPLEY School (90%)	New / 38,000	7,000,000
Audi Dealership (98%)	New / 22,000	5,600,000
Whole Foods (Shell) (90%)	New / 45,000	5,238,000
Baldwin School (95%)	Reno / Theater	5,000,000
Lankenau Hospital (90%)	Hospital Renovations	4,550,000
105 Coulter Ave (98%)	Reno / Restaurant	3,655,000
Bryn Mawr Hospital (15%)	Parking Garage / 30,000	3,600,000
Whole Foods (fit out) (5%)	New / 45,000	3,500,000
Bryn Mawr Hospital (15%)	Reno / Chiller Plant	3,253,000
120 E. Athens Ave (35%)	Church to 4 Condo's	2,580,000
600 Righters Ferry Rd (89%)	Parking Garage	2,500,000
Bryn Mawr Hospital (15%)	Reno / 12,000	2,500,000
31-35 W. Wynnewood Rd (75%)	New / 9,000	2,150,000
100 St. Georges Rd (10%)	New / 31 unit condo	1,750,000
915 W. Lancaster Ave (40%)	Reno / 13,000	1,500,000
600 Righters Ferry Rd (40%)	Pencoyd Bridge repair	1,675,000
Suburban Square	26,500 Retail/571 parking spaces	2,800,000
Waverly Heights	10 new apartments	565,500
Merion Mercy Academy	22,575 s.f. addition	2,100,000
47-65 Cricket Avenue	10,500 s.f. retail/77 apts	6,000,000
Bryn Mawr Hospital Pavilion	200,000 s.f. patient wing	21,000,000
Bryn Mawr Hospital MOB B	110,000 s.f. outpatient bldg.	5,200,000
Bryn Mawr Hospital Renovations		7,000,000
50 E. Wynnewood Rd (12%)	Reno / 10,000	1,275,000
Bryn Mawr Hospital (40%)	Infrastructure (cont'd)	1,250,000

Lankenau Hospital (75%)	Repair flood damage	1,100,000
Republic Bank (80%)	New / 3,500	750,000
Lankenau Hospital Cardiac (95%)	Alteration / 7,000	450,000
600 Righters Ferry Rd (55%)	Pump Station/bridge repair	<u>2,050,000</u>
Total		142,341,500

Note:

(%) - percentage of completion as of March 1, 2016.

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Single family and multi-family residential developments recently completed, under construction or proposed include the following:

<u>Name</u>	<u>Estimated Number of Units</u>	<u>Approximate Sale Price/Rent Per Unit</u>
Club House Road (10%)	5	\$2,750,000
Fenimore Lane (ns)	3	2,500,000
1210 Gladwyne Drive (95%)	1	1,850,000
1029 Waverly Road (75%)	2	1,800,000
1632 Old Gulph Road (25%)	5	1,800,000
475 Warick Road (50%)	3	1,500,000
Merriam Estate (ns)	2	1,300,000
310-324 Righters Mill Road (75%)	2 SFD/4 Condominiums	1,200,000
Barkers Mill (ns)	33 Condominiums	1,000,000
121 Pennswood Road (ns)	2	1,000,000
533 E. Lancaster Avenue (65%)	6	900,000
232-236 W. Montgomery Avenue (15%)	8 Townhouses	750,000
10 Union Avenue (ns)	62 Condominiums	700,000
110 Montgomery Avenue (50%)	4 Twin Homes	675,000
708 Schiller Avenue (95%)	2	650,000
843-859 Old Lancaster Road (20%)	12 Twin Homes / 16 Quads	600,000
335 Righters Ferry Road (CAD/RCA) ns	280 Apartments	2k-3k per month
6 Lancaster Avenue (80%)	134 Apartments	2k-3k per month
600 Righters Ferry Road, Phase 1 (50%)	593 Apts/parking garage	2k-3k per month
112 Sibley Avenue (MUST) (85%)	46 Apartments	2k per month
150 Monument Road (CAD/RCA) (ns)	207 Apartments	2k per month
331 Penn Road (ns)	250 Apartments	1.75k-2k per month
131-151 Rock Hill Road (ROHO) (ns)	332 Apartments	1.5k-2k per month
371 W. Lancaster Avenue (25%)	Reno/10 apts	1.5-2k per month
146-156 Cricket Avenue	10 twin/9 towns	555,000
718 Sussex Road	16 twins/6 towns/2 singles	750,000
225 E. Montgomery Avenue	8 townhomes	600,000
1432 Mt. Pleasant Road	2	2,500,000
708 Pennstone Road	1	2,000,000
327 Spring Mill Road	2	2,000,000

Abbreviations:

ns (not started)

ROHO (Rock Hill Overlay District)

MUST (Mixed Use Special Transit)

BMMD (Bryn Mawr Medical District)

CAD/RCA (City Avenue District/ Regional Center Area)

(%) - percentage of completion

The Township's Zoning Code provides for ten classifications of residential districts, six classifications of commercial districts, two medical districts, a Mixed-Use Special Transportation Overlay (MUST), the Rock Hill Road Overlay (ROHO) district and one manufacturing district. The most recent update to the Zoning Code was the adoption of the City Avenue District including the Bala Village and Bala Cynwyd Retail Districts. Zoning regulates land use and size of both buildings and lots, percentage of lot coverage, building setbacks and required planted buffer areas. Among other things, the Code provides for required off-street parking for buildings and restricts development on steep slopes and in floodplains.

Township staff directs the Township's economic development program by working closely with the local business districts and large commercial and multi-family property owners to promote and grow a healthy commercial and mixed-use base. The Township employs both an Economic Development Specialist and a Retail Coordinator to provide assistance to existing businesses and recruit new businesses into the various commercial districts focused on reducing vacancies and expanding and updating the retail, service and entertainment needs of its residents.

The Township of Lower Merion has made substantial progress in planning for the redevelopment of its commercial areas. The rezoning of the City Avenue and Bala Districts, which form the Township's eastern border with the City of Philadelphia, encourages mixed-use buildings and allows greater density while promoting transit oriented development. The floor area ratio limits that existed previously were increased to permit building area to more than double in this district. The new regulations also increase the building height limits to permit taller buildings along the City Avenue corridor. Several multifamily projects have secured land development approvals that will bring about 600 new residential units to the City Avenue District.

The Township adopted a Medical Center Zoning District for the Lankenau Hospital property that permits the hospital to expand to meet its medical service needs in the community. With the assistance of \$2.5 million in grant funds from the Pennsylvania Redevelopment Assistance Capital Program (RACP), Lankenau has undertaken construction with improvements that cost approximately \$500 million. These improvements include new medical facilities and patient rooms, a physical plant expansion and a new parking garage.

The Township also adopted a zoning district for the Bryn Mawr Hospital property which includes a larger area around the hospital site to allow for future expansion. In recent years, Bryn Mawr Hospital completed a 150,000 square foot medical office building and a 1,000 vehicle parking garage. The Bryn Mawr Hospital development plan approval includes a second 110,000 square foot medical office building that will begin construction in Fall 2016. In addition, the new medical pavilion will also begin construction late in 2016 and will be built within the main campus of the hospital. The construction and sale of 28 townhouse units on adjacent property owned by Main Line Health expanded housing opportunities near the hospital and close to public transportation. Another improvement included in the Township's Bryn Mawr Master Plan was the now completed expansion of the Ludington Library.

The Township, in conjunction with SEPTA, continues to support multi-modal bus and rail improvements to the Ardmore Amtrak/SEPTA station facilities, platforms and commuter and public parking in the proposed Ardmore Station District. The Federal Transit Administration's \$5.8 million appropriation is supplemented with a required 20% local match of approximately \$1.4 million from the Township through its Capital Improvement Program. Public funding is envisioned as a catalyst for private investment in the district. The Ardmore Transit Center (ATC) project will include new station facilities, parking structure, ADA accessible high-level platforms to be built on properties currently publicly owned by the Township and Amtrak. The project has been divided into two phases: Phase 1 Transit Improvements and Phase 2 Garage and Transit Facilities.

Phase 1 of the ATC project includes the new Dranoff Properties mixed-use retail and residential project with 110 apartments, "One Ardmore Place," which is planned to start construction in late 2016 on the Cricket municipal parking lot as part of the public/private partnership for the revitalization of Ardmore. This overall \$86 million project for a revitalized Ardmore Business District is the result of many years of public process involving elected officials, Township staff, residents, businesses, transit agencies and the consulting teams. The Commonwealth of Pennsylvania awarded \$14 million in grant funding to Lower Merion Township through the Montgomery County Redevelopment Authority for the ATC project. These grant funds are part of Pennsylvania's Redevelopment Assistance Capital Program, or "RACP," which is a grant program for the construction of regionally significant economic development projects. The funds were divided into \$10.5M for public parking and retail on the Cricket Lot for the One Ardmore Place Project and \$3.5M for Phase 1 Transit Improvements. The Township staff and consultants continue to work with PennDOT, SEPTA and Amtrak to complete the design and engineering of the Ardmore Transit Center. The project is a focus for revitalization and a way to strengthen linkages across railroad tracks that bisect the business community, improve pedestrian and traffic conditions, generate pedestrian activity and provide sufficient parking spaces to meet current and future demand. PennDOT placed \$12.8 million on the TIP to enable the Ardmore Transit Center to be advanced through design engineering and constructed in two phases. Along with the remaining FTA appropriation and Township match, and RACP, the funding package totals

\$22.2 million for Phase I that includes the transit improvements and garage foundation. The parking garage will be constructed once Phase II funding is secured. Two transportation and pedestrian improvement projects recommended in the Ardmore Transit Center Master Plan were completed in 2011: (a) façade improvements, new sidewalks, signage and lighting of the Anderson Avenue underpass, the major vehicular and pedestrian link between the downtown Ardmore business district and Suburban Square, the highly prestigious outdoor shopping mall dating from the 1920s; and (b) the Lancaster Avenue and Ardmore Avenue intersection realignment project. The Township received grants totaling almost \$1.2 million for property acquisition and construction of the realignment project and \$620,000 for the Anderson Avenue Underpass Enhancement project.

The owners of Suburban Square have secured land development approvals from the Township to expand their retail space and add a parking garage on an open parking lot. Adding new retail, parking and expanding some existing uses such as Trader Joe's will help to keep the center fresh and further stimulate the economy of the Ardmore Business District. The improvements will begin construction in summer 2016 with the 600 space garage to be built initially along with the expansion of Trader Joe's. Finally, a new 20,000 square foot building with retail on the ground level and offices above will be completed in late 2017.

The business districts will continue to receive special attention as the Township advances its economic development and revitalization initiatives. Through the use of periodic meetings with civic and business groups, electronic communication, and professional consultation and data collection, the Township continues to provide technical assistance to the business community. The goal is to sustain economic development in the Township's commercial districts and to monitor its successful outcomes.

Comprehensive Plan

In January 2016, the Township adopted a new Comprehensive Preservation Infill and Redevelopment Plan (the "Comprehensive Plan") to guide future land use and housing policies as well as public investments in infrastructure and services. The Comprehensive Plan recognizes the predominantly high quality residential character and the built out conditions of the residential community and includes recommendations and strategies to guide preservation and infill of residential neighborhoods while directing new growth towards the redevelopment and revitalization of transit-oriented commercial districts.

The Comprehensive Plan establishes the framework for a complete update of the Township's Zoning and Land Development codes to meet current realities and future needs. The Township has begun the multi-year effort required to update the zoning code. The updated zoning code is intended to preserve and enhance the value of existing residential neighborhoods through preservation, modest expansions and targeted infill while directing new, higher-density, transit-oriented mixed-use development primarily to the City Avenue District and Ardmore commercial area. The Comprehensive Plan and Zoning Ordinance expand upon and refine existing commercial redevelopment efforts, which have resulted in additional commercial square footage and units in the City Avenue and Ardmore Areas.

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Capital Improvement Program 2016-2021:

Capital improvements, in the aggregate principal amount of approximately \$222,350,000 including those funded from the Township general obligation bond proceeds and Federal/State/County Grants and private development funds, are as follows:

- Reconstruct roads and bridges throughout the Township
- Improve signalized intersections
- Implement the Ardmore Transit Center project
- Implement remaining Township Library renovations
- Continue storm water management program
- Perform inflow and infiltration storm water maintenance
- Extend and replace sanitary sewer lines
- Improve sanitary sewer pump station
- Improve the technology infrastructure
- Improve athletic fields, parks, trails and Township facilities
- Implement Transportation Improvement in the City Avenue Transportation Service area
- Replace fire apparatus equipment for the Township volunteer fire stations

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Employment:

The following are the principal employers within the Township in 2015 according to the fourth quarter reporting for the Local Services Tax.

	2015
	<u>Employees</u>
Main Line Hospitals	4,036
Lower Merion School District	1,727
Bryn Mawr College	1,170
Susquehanna International Group LLP	1,037
St Joseph's University	733
Maguire Insurance Agency	565
Great Valley Health	507
Township of Lower Merion	490
Maxim Healthcare Services	429
Rosemont College	415

Banking:

Comprehensive banking services are provided by the various banks named below with approximately 50 offices located throughout the Township. The Bryn Mawr Trust Company has its main office in the Township. Other banks with one or more branch offices within the Township are: BB&T Bank, Bank of America, Beneficial Bank, Citibank, Citizens Bank of Pennsylvania, ESSA Bank & Trust, Firstrust Savings Bank, National Penn Bank, PNC Bank, Republic First Bank, Royal Bank of Pennsylvania, Santander Bank, TD Bank and Wells Fargo.

Lower Merion Township Profile:

Based on the 2010 United States Census and the most recent data from the U.S. Census Bureau, Lower Merion Township remains Montgomery County's most affluent and populated municipality with the highest incomes, largest labor force, highest ratio of white collar and professional workers, most households, most single-family detached dwellings, and most married residents. This information is intended to provide a general summary of population, income, education and housing information throughout the Township.

- The total population of the Township has remained relatively flat since 1980. The 2010 population of Lower Merion Township was 57,825 people, which was a decrease of 915 people from 2000. The most recent Census Bureau population estimate as of July 1, 2014 is 58,273.
- Lower Merion Township *as a whole* remains a relatively low density suburb when compared to surrounding communities. However some villages of the Township such as Gladwyne and Rosemont are much less dense than similar communities throughout the region while communities such as Penn Wynne and parts of Ardmore approach almost urban densities. The variation in population density throughout the Township is a result of the historic land use pattern, land use controls and the amount of public and private open space within those census tracts. Open space is a major contributor to a low density land use pattern.
- The median household income of Lower Merion Township is \$115,657, which is significantly higher than the rest of Montgomery County (\$79,926) and more than twice as high as the state average (\$53,115).
- Over three-quarters (75.5%) of Lower Merion residents age 25 and older have a Bachelor's degree, again significantly higher than Montgomery County (46.2%) or the state average (28.1%).

- High annual income of Township residents may be a contributing factor to the fact that over two-thirds (76.4%) of the housing units in the Township are owner occupied. A quarter of all housing units (23.6%) in the Township are renter occupied.
- One-third of all housing units in the Township were constructed prior to 1939 and approximately two-thirds of all housing units (63.6%) were constructed prior to 1960 making them potentially eligible for historic designation. The median age of the housing in Lower Merion is 1953 compared to 1966 for the rest of Montgomery County.
- The age and quality of Lower Merion's housing stock may be a contributing factor to the high property values throughout the Township. The median value of a house in Lower Merion Township is \$546,600, which is significantly higher than surround communities and much higher than Montgomery County (\$290,800).

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Assessed Values and Total Market Values (see Note below):

The assessed valuations of the Township for the years 2007 to 2016, inclusive, are shown on page A-3. The assessed value of tax-exempt property (not included on assessment rolls) in the Township in 2015 is \$1,086,291,970 and was \$1,095,315,540 in 2014.

The market values of all assessed taxable real property as published by the State Tax Equalization Board (“STEB”) for certain years since 2007 are shown below, together with the ratio of the then current assessed valuation to such market value.

<u>Year</u>	<u>Market Value (\$)</u>	<u>Ratio</u>
2007	14,659,201,467	50.80%
2008	13,891,401,970	54.00%
2009	13,395,283,895	56.10%
2010	12,896,635,131	58.00%
2011	12,003,626,816	62.00%
2012	11,678,270,191	63.40%
2013	12,922,564,767	57.50%
2014	13,294,706,096	56.20%
2015(Estimate)	13,330,296,582	56.20%
2016 (Estimate)	13,403,773,301	56.20%

NOTE: A Common Level Ratio for counties was established by Court Stipulation and pertains to the years 1980 and 1981. In 1982 the STEB commenced publishing such ratios in conformity with Act 267-1982. The 2015 and 2016 estimate is based upon the latest information published by the Pennsylvania State Tax Equalization Board (STEB) on July 31, 2015, for 2014. This STEB publication established a Common Level Ratio of 56.2 for the County of Montgomery, Pennsylvania for the calendar year of 2014. The Township real estate tax assessments are based on information as of January 1, 2016.

The Township ranks third in the State according to the 2014 estimated total market values as last published by the STEB.

<u>Municipality</u>	<u>Total Market Values (\$)</u>
Philadelphia City	42,299,103,900
Pittsburgh City	16,414,248,492
Lower Merion Township	11,966,577,095
Tredyffrin Township	5,951,149,366
Bensalem Township	5,415,743,629
Abington Township	5,157,066,696
Radnor Township	5,048,282,299
Upper Merion Township	4,816,466,753
Northampton Township	4,641,662,254
Middletown Township	4,566,194,597
Haverford Township	4,536,450,495
Lower Makefield Township	4,458,466,677
Allentown City	4,071,755,859
Lower Paxton Township	3,648,623,390
Montgomery Township	3,566,200,543

<u>Municipality (cont'd)</u>	<u>Total Market Values (\$)</u>
Upper Macungie Township	3,560,796,278
Millcreek Township	3,466,671,909
Manheim Township	3,452,684,572
Upper Darby Township	3,441,708,070
Horsham Township	3,422,040,383

Note: Total Market Values as reported by the STEB on July 31, 2014.

Largest Taxpayers:

The ten largest taxpayers within the Township are shown below together with their 2016 assessed valuation of real estate and the percentage of each in relation to the Township's total 2016 assessed valuation of real estate.

	<u>2016 Assessed Valuation</u>	<u>Percentage of Township's 2016 Assessed Valuation</u>
Bala Plaza, Inc. (Bala Cynwyd Plaza 1, 2 & 3)	\$ 97,991,670	1.30%
Amerishop Suburban (53 and 75 E. St. James Place, 100 Coulter Ave. & Parking Lots)	54,413,030	0.72%
401 City Avenue Associates (401 E. City Avenue)	52,419,350	0.70%
Waverly Heights, Ltd (1400 Waverly Road)	45,479,840	0.60%
Federal Realty Investment (50 E. Wynnewood Road)	33,720,000	0.45%
Beaumont Retirement Community Inc. (601 N. Ithan Avenue)	32,482,030	0.44%
Guttman, Steven J., et al (121 E. City Avenue)	24,728,000	0.33%
Bala Pointe Owner LP (111 Presidential Boulevard)	18,542,560	0.25%
City Line Investors, LP (1 Belmont Avenue)	18,120,300	0.24%
Lankenau Hospital (100 E. Lancaster Avenue)	<u>15,901,060</u>	<u>0.21%</u>
	\$ 394,797,840	5.24%

Record of Last Bond Sale:

The last bond sale was held by the Township of Lower Merion on December 3, 2014, at which time the Township sold \$13,790,000 General Obligation Bonds, Series A and B of 2015 with an average life of 9.725 years at a true interest cost ("TIC") of 2.638407%.

The Series A of 2015 General Obligation Bonds was a refunding issue in the amount of \$4,195,000 and the Series B of 2015 General Obligation Bonds was a new money issue in the amount of \$9,595,000. Proceeds of the Bonds were applied towards (1) the current refunding of certain outstanding General Obligation bonds, (2) funding various capital projects in the Township's Capital Improvement Program and (3) paying the costs of issuing the Bonds.

Other Highlights:

- *Telephone:* Verizon and Comcast supply voice and data services to residents of the Township.
- *Electricity and Gas:* PECO Energy Co. is the primary distributor of both electricity and natural gas to users within the Township. However, with the deregulation of electricity in 2010, many companies now provide these services to both residential and commercial customers in the Township.
- *Water:* Aqua Pennsylvania Inc. supplies water service to a majority of the Township residents; however some residents are served by on-site wells.
- *Sewer:* The Township Department of Public Works supervises the construction, maintenance and operation of the Township Sanitary Sewer System consisting of 285 miles of sewers and force mains. There are fifteen pumping stations in the system network, which are required to pump sewage from low areas to higher elevations where collecting lines carry the sewage to the Southwest Sewage Treatment Plant in Philadelphia.
- The Township currently operates under a 35-year agreement with the City of Philadelphia for the provision of waste water treatment services. Under this agreement, the Township is required to pay capital contributions to the City in order to maintain its reserved treatment capacity.
- Approximately 75% of the area of the Township and 93% of the population is served by the sanitary sewer system. New construction has averaged about one mile annually. Areas not sewered rely upon on-lot sewage disposal facilities which meet the needs of the properties served. These are subject to inspection by the Township to assure adequate performance. The Township has an updated State Act 537 Plan for long range sanitary sewer service planning.

Education:

The former School Districts of the Township of Lower Merion and of the Borough of Narberth reorganized under Act 299 to form the Lower Merion School District effective July 1, 1966. The School District has a current enrollment of approximately 8,341 students and operates the following schools:

- *6 Elementary Schools Kindergarten - 5th Grade):* Belmont Hills, Cynwyd, Gladwyne, Merion, Penn Valley and Penn Wynne
- *2 Middle Schools (6th – 8th Grade):* Bala Cynwyd and Welsh Valley
- *2 High Schools (9th – 12th Grade):* Harriton and Lower Merion

The total School district enrollment has increased by 20 percent since the 2009-2010 school year. An April 2015 Enrollment Projection Study conducted by the Montgomery County Planning Commission identified three factors contributing to the enrollment growth: a decrease in families choosing private school versus public school, an increase in the number of public school students residing in existing apartment buildings, and an increase in public school students due to an increase in existing single family home sales.

Since 1996 the District has renovated and expanded all six elementary schools, both middle schools, and built two new high schools, Harriton and Lower Merion. Recent studies indicate that student enrollment will continue to increase in the next decade. Further additions and renovations were completed in the 2014-2015 school year for Gladwyne and Penn Valley Elementary Schools. Bala Cynwyd and Welsh Valley Middle School renovation projects were completed in the fall of 2015. The District plans to renovate classrooms on the third floor of the District Administration Office beginning in the summer of 2016 to accommodate increases in Lower Merion High School enrollment. In addition, the District will install four temporary classrooms at Penn Wynne Elementary in the summer of 2016 while the school district considers its options to accommodate enrollment growth.

Other schools located within the Township are as follows:

- *Nursery Schools (17)* – Ardmore United Methodist Pre-School, Ardmore Presbyterian Church Pre-School, Bala House Montessori, The Bala Cynwyd School for Young Children, Bryn Mawr Presbyterian Church Weekday School, Cambridge Schools, Gateway School for Little Children, Lane Montessori School Inc., Main Line Montessori School, Montgomery Early Learning Centers, Phebe Anna Thorne School of Bryn Mawr College, The Early Childhood Learning Center at Temple Adath Israel, St. Christopher's Church Day School, The Children's School at St. John's, St. Thomas of Villanova Preschool, The Wetherill School and The West Hill School.
- *Special Schools (5)* – The Barnes Foundation, Bryn Mawr Conservatory of Music, Bryn Mawr Film Institute, Lower Merion Vocational Training and Main Line Conservatory of Music.
- *Private and Parochial Elementary and Secondary Schools (17)* – Baldwin, French International School of Philadelphia, Friends' Central School, Gladwyne Montessori, I.S. Kosloff Torah Academy for Girls, The Haverford School, Merion Mercy Academy, Mesivta High School of Greater Philadelphia, Perelman Jewish Day School, Regina Angelorum Academy, Rosemont School of the Holy Child, Shipley, The Foundation for Islamic Education, Villanova Academy for Honor Studies, Torah Academy, Waldron Mercy Academy, and Kohelet Yeshiva High School.
- *Colleges and Seminaries (6)* – Bryn Mawr, Harcum, Haverford, Rosemont, St. Charles Borromeo Seminary and residences/facilities of St. Joseph's University.
- *Churches and Synagogues* – Approximately 47 representing all major denominations

Transportation:

Railroads: Passenger regional railroad service (Paoli/Thorndale and Cynwyd regional rail lines) is provided by Southeastern Pennsylvania Transportation Authority (SEPTA). SEPTA has nine commuter train stations in the Township, located at Rosemount, Bryn Mawr, Haverford, Ardmore, Wynnewood, Narberth, Merion, Bala and Cynwyd. In addition, Amtrak has a stop at Ardmore, which provides direct service from Harrisburg to New York, stopping at numerous train stations in Pennsylvania, New Jersey and New York. Commercial freight services are provided in the Township by Conrail and Norfolk Southern.

Bus: SEPTA provides local bus service connecting with regional transportation hubs, which services Bucks, Chester, Delaware, Montgomery and Philadelphia Counties, with selected rail service in New Jersey and the State of Delaware.

Air: Philadelphia International Airport is approximately thirty minutes away by automobile. The Airport can also be accessed directly by SEPTA regional rail service.

Parks & Recreation:

Lower Merion can boast of a comprehensive system of improved active parks, playgrounds, swimming pools, trails, picnic areas and passive natural areas comprising approximately 725 acres. These facilities combined with 125.5 acres of school playgrounds provide Lower Merion with the ten acres for each 1,000 population recommended by recreation experts. The active parks are variously equipped for tennis, baseball, softball, football, volleyball, soccer, lacrosse and basketball. Active and educational recreation programs are provided Year-round. In addition, within the Townships borders, there is also a Jewish Community Center (JCC), the Cynwyd Tennis Club, the Merion Cricket Club, the Philadelphia Country Club and the Philadelphia Humane Society and Skating Club.

Lower Merion owns and maintains Appleford, a historic estate donated to the Township that is open to the public and used for meetings, tours and various social functions. Harriton House, the former residence of Charles

Thomson, Secretary to the Continental Congress and listed on the National Register of Historic Places, is also located in and owned by the Township, as is Ashbridge House which is used as one of four community centers.

In 2011, the Township completed construction of the Cynwyd Heritage Trail, a two mile long multi-use trail along an inactive railroad corridor in Bala Cynwyd which on October 30, 2015 was linked to the City of Philadelphia and downtown Manayunk and Schuylkill River Trail across the historic Manayunk Viaduct.

Parks and Recreational Services are guided by the 2012 Comprehensive Parks and Recreation Plan.

Commercial Activity:

Numerous large shopping centers containing the finest shops and stores are strategically located within the Township including Ardmore West, Bala Cynwyd, Haverford, Rosemont, Suburban Square (Ardmore), Wynmore and Wynnewood, plus unaffiliated commercial areas located in the Ardmore, Bryn Mawr, Gladwyne, and Penn Valley areas of the Township. The Bryn Mawr Village development is currently under construction and will include over 47,000 square feet of retail and office space. The Township has seven United States Postal Service locations, four of which also serve areas outside the Township. Also seven post offices located outside the Township serve areas within the Township.

Libraries:

The Township operates a thriving system of six public libraries – Ardmore, Bala Cynwyd, Belmont Hills, Gladwyne, Ludington, and Penn Wynne – collectively known as The Lower Merion Library System (LMLS). In 2010 the Township began to renovate the six libraries, addressing deferred maintenance, accessibility and space needs. The renovations are funded primarily through municipal bonds, with assistance from a volunteer-run Capital Campaign which has contributed almost \$2,000,000 to the project. LMLS's two largest libraries, Ludington and Bala Cynwyd were first to go under renovation and were reopened in 2012 and 2013, respectively. The Ardmore Library reopened in January of 2016 and the Penn Wynne Library reopened in March of 2016. The Library System applied for and received a grant for \$500,000 toward the Gladwyne Library renovation from the Keystone Recreation, Park and Conservation Fund. Work on the Gladwyne Library began in January 2016 and design work on the last of the library renovations, Belmont Hills, is expected to begin in the summer of 2016.

In 2014, LMLS circulated 1,064,958 books, audio-visual items and e-materials, a per capita circulation almost three times the state average. An impressive collection of 451,609 books, periodicals and audio-visual materials are housed in the six Lower Merion libraries and a remote storage facility. As a member of the Montgomery County Library and Information Network Consortium (MCLINC), LMLS also makes available to residents a combined database of over 1.2 million items.

In cooperation with the Commonwealth of Pennsylvania and Montgomery County, LMLS also offers the public a network of electronic databases, and e-books. Access to the internet – both wired and wireless – is available at each Lower Merion library. A full range of story hours, summer reading clubs, lectures, book discussions and other programs for children and adults complement the excellent collections and reference services. The Lower Merion Library System has consistently ranked in or above the 95th percentile nationally, for circulation and holdings among its population group, according to the HAPLR Index. In 2010 and 2011, LMLS was named a “Star” Library by *Library Journal*.

Cable Television:

The Township has a cable television franchise agreement with Comcast Corporation to provide cable television service within the Township. Comcast has held the franchise since 1979, and signed its latest contract, a 12-year agreement, in 2014. In 2007, to bring cable competition to the residents of Lower Merion, the Township authorized a 15-year cable television franchise with Verizon Pennsylvania Inc.

Both of these franchise agreements provide a franchise fee paid to the Township at 5% of gross revenue.

In 1991, the Township activated its government-access channel. It provides gavel-to-gavel coverage of monthly Board of Commissioners meetings and Committee meetings and provides a valuable public service. In addition, original programming, public service announcements and government affairs shows (from the Commonwealth of Pennsylvania and by Montgomery County) are produced to educate citizens about Township services and programs. “LMTV,” with two fulltime Township employees, also features a bulletin board of government and community information. In 2006, a public-access channel was activated, produced by and for residents of Lower Merion Township. This public-access channel has had several operators since inception.

Newspapers and Media:

The Main Line Times newspaper is a weekly publication providing Township news coverage. Its parent company, Main Line Media News, also publishes Suburban Life serving portions of Lower Merion Township and the western Main Line area. The News of Delaware County, Philadelphia Inquirer, Philadelphia Daily News and Philadelphia Business Journal—as well as national and international newspapers—are also sold within the Township. NBC 10 TV studios, as well as many of the major regional radio stations, are located in Lower Merion Township.

Social Media:

The Township has an official Twitter feed and an official Facebook page, updated at least daily each business day.

Apartment Houses and Condominiums:

There are approximately over 500 multi-unit dwellings with a combined total of over 7,000 units located within the Township, the largest of which, with units in parentheses, are: Green Hill (544), Oak Hill Condominiums (449), Tower at Oak Hill (304), One-Ninety-One (239), Wynnewood Park (224), Thomas Wynne (215), Sutton Terrace (172), The Brynwood (144), The Corinthian (105), Ardmore Crossing (53), and Cambridge Square (28). Developments recently completed include: 101 City Avenue in Bala Cynwyd, with an additional 25 units, 1021 W. Lancaster Ave in Bryn Mawr with 15 efficiency apartment units, 112 apartment units at 6 Lancaster Ave., 34 apartment units at 11-15 E. Athens Ave. and 8 apartment units at 1112-16 W. Lancaster Ave. A lot at 131-151 Rock Hill Road has been approved for 332 apartment units and there are 330 apartments under construction at 600 Righters Ferry Road. A number of projects have been approved but are not yet under construction.

Life Care/Elderly Housing Facilities:

There are two life care facilities in the Township: Waverly Heights in Gladwyne consists of 80 villa units, 163 apartment units, 60 skilled nursing beds, administrative offices and a commons building on approximately 62 acres; and Beaumont in Bryn Mawr consists of 68 villa units, 132 apartment units, a nursing facility, administrative offices and a commons building on approximately 57 acres. The Sunrise Development is an assisted care facility of 60 units. Waverly Heights is currently building 18 additional villa units and a large nursing facility addition. Up to 60 new beds for elderly residents have recently been completed in Symphony Square while 80 units have been completed at the Mary Drexel Home.

Police Department:

Authorized strength of the Department is 160 of which 136 are authorized as sworn police officers. All police vehicles are equipped with two-way radios, portable firefighting equipment and medical equipment to deal with emergencies. The vehicles are also equipped with installed laptop computers for connection with the National Crime Information Center and the Commonwealth Law Enforcement Assistance Network. An independent agency maintains specially equipped emergency vehicles to provide 24-hour ambulance service for use in accidents and other medical emergencies. The Lower Merion Police Department is accredited nationally by the Commission on Accreditation for Law Enforcement Agencies (CALEA) and the Pennsylvania Chiefs of Police Association (PLEAC) and maintains a service delivery plan through proactive community-oriented policing programs designed to obtain direct input from the community in identification of

problems and associated solutions. A bicycle patrol works primarily in commercial districts and a canine unit, Traffic Safety Unit and an Emergency Response Team are also provided.

Fire Department:

The Lower Merion Fire Department is composed of the Township Fire Department and the following six volunteer fire companies: Belmont Hills; Bryn Mawr; Gladwyne; Merion of Ardmore; Penn Wynne-Overbrook Hills; and Union Fire Association of Lower Merion. The buildings and grounds of the volunteer fire companies are owned by the respective companies; however, all major building repairs are covered under the Township Capital Improvement Program along with the purchase of all fire apparatus. There are more than 195 active volunteers in addition to 18 paid housemen who are under the direct supervision of the fire companies and four career firefighters in the Township Fire Department Office who are employees of the Township. The Narberth Fire Company also provides emergency services to the Township.

Fire Department personnel arrange lectures, demonstrations and programs for fire prevention to educate the public when confronted by a fire emergency. The Department uses modern fire equipment and trains people to operate both firefighting and specialized rescue equipment.

Highways:

There are approximately 279.2 miles of highways open to public travel in Lower Merion, of which the Township maintains approximately 217.5 miles. The remaining mileage consists of 38.3 miles of State highways and approximately 23.4 miles of private roads, which are the responsibility of the abutting property owners.

Health Services:

The Montgomery County Health Department is responsible to protect the health and welfare of all Township residents through disease and environmental control.

Government:

Lower Merion has been a Township of the First Class since 1900 - the oldest in the State. The Township is divided into 14 wards and is governed by a Board of Commissioners, with one Commissioner elected from each ward for a term of four years. Seven of the Commissioners are elected every two years to hold overlapping terms. The Board makes policy and legislates by passing resolutions and ordinances within the guidelines and powers established by the First Class Township Code. The Board appoints a Township Manager who is chosen on the basis of executive qualifications and serves as the Township's Chief Executive and Administrative Officer. The Township Manager is responsible to the Board for the administration of all municipal affairs as authorized by the Board and/or Administrative Code of the Township. Other Officers of the Township are the Secretary, Solicitor, Engineer and Treasurer. The Township has 421 full-time positions budgeted for 2016.

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APPENDIX C

[PROPOSED FORM OF BOND COUNSEL OPINION]

\$3,655,000
TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)
GENERAL OBLIGATION BONDS, SERIES A OF 2016

_____, 2016

TO THE PURCHASERS OF THE
ABOVE-CAPTIONED BONDS:

We have acted as bond counsel to the Township of Lower Merion (the “**Township**”) in connection with the issuance of its \$3,655,000 General Obligation Bonds, Series A of 2016, dated the date hereof (the “**Bonds**”). The Bonds are being issued to currently refund a portion of the Township’s outstanding General Obligation Bonds, Series B of 2010 (the “**Refunded Bonds**”) and to pay the costs of issuing the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Township, and are valid, binding and enforceable general obligations of the Township.
2. The Bonds are payable from general revenues of the Township, presently including ad valorem taxes which may be levied on all property taxable for township purposes within the Township without limitation as to rate or amount.
3. The Township has made a provision for the redemption and payment of the Refunded Bonds in accordance with the terms thereof.
4. Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Township comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance

of the Bonds. The Township has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”) for purposes of the individual and corporate alternative minimum taxes; however, we call to your attention that under the Code, to the extent that interest on the Bonds is a component of a corporate holder's “adjusted current earnings,” a portion of that interest may be subject to the corporate alternative minimum tax.

We further call to your attention that the Code, subject to limited exceptions, denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry tax-exempt obligations such as the Bonds. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations generally applies to those tax-exempt obligations acquired after August 7, 1986. In the case of “qualified tax-exempt obligations,” however, a denial of twenty percent (20%) of the deduction will apply in lieu of the denial of one hundred percent (100%). A “qualified tax-exempt obligation” is a tax-exempt obligation which is designated as such by the issuer and is not a private activity bond (other than a qualified 501(c)(3) bond). An issuer and all other entities that must be aggregated with it pursuant to the Code (“Other Issuers”) may not designate or issue more than \$10,000,000 of tax-exempt obligations during any calendar year. The Township has demonstrated that the Bonds are eligible pursuant to Section 265 of the Code and has represented to us that neither it nor any Other Issuers has issued or expects to issue more than \$10,000,000 of tax-exempt obligations (not including those Bonds which are “deemed designated” and certain other obligations not required to be taken into account under the Code) in the calendar year 2016. Based on such representations, it is our opinion that banks, thrift institutions and other financial institutions which purchase the Bonds may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Bonds pursuant to Sections 265(b) and 291(e)(1)(B) of the Code. We express no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon.

5. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the Bonds and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, inheritance, succession or estate taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated April 6, 2016, relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

INVITATION TO BID



TOWNSHIP OF LOWER MERION, PENNSYLVANIA GENERAL OBLIGATION BONDS

consisting of

\$3,850,000* General Obligation Bonds, Series A of 2016

NOTICE IS HEREBY GIVEN that electronic bids will be received on the date and up to the time specified below:

- SALE DATE:** **Wednesday, April 6, 2016**
- SALE TIME:** **10:30 a.m. to 10:45 a.m. Prevailing Eastern Time**
- ELECTRONIC BIDS:** Must be submitted through *PFMAuction* as described below.
No other form of bid or provider of electronic bidding services will be accepted.

NOTICE IS GIVEN that the Board of Commissioners (the "Township Commissioners") of the Township of Lower Merion (the "Township" or the "Issuer"), Montgomery County, Pennsylvania, will receive bids, pursuant to this Invitation to Bid (the "Invitation to Bid") for the purchase of an issue of general obligation bonds of the Township, in the aggregate amount of \$3,850,000* General Obligation Bonds, Series A of 2016 (the "Bonds"). **All bids must be submitted in their entirety on Public Financial Management, Inc.'s ("PFM") PFMAuction website, www.pfmauction.com, prior to 10:45 a.m., prevailing time on Wednesday, April 6, 2016, unless otherwise extended by the two-minute rule described herein (see "Bidding Details").** The auction will begin at 10:30 a.m., prevailing time on April 6, 2016. The Bonds are more particularly described in the Preliminary Official Statement dated March 29, 2016 relating to the Bonds, available at PFMAuction website. Prior to accepting bids, the Township reserves the right to change the principal amount of the Bonds being offered, to change the terms of the Bonds, to postpone the sale of the Bonds to a later date, or to cancel the sale of the Bonds based on market conditions.

Consideration of the bids and the award will be made by the Township on the Sale Date (as set forth above and in the "Bidding Parameters Table" herein). The Township also reserves the right to adjust the principal amount of the Bonds offered, to eliminate maturities, or to cancel the sale of the Bonds after the bids are opened as further described herein. See "Adjustment of Amounts and Maturities".

*Preliminary, subject to change.

Contact Information

TOWNSHIP OF LOWER MERION, PENNSYLVANIA (ISSUER)

Eric Traub, *Chief Financial Officer*

Office of the Township Manager
75 East Lancaster Avenue
Ardmore, PA 19003-2376
Phone: (610) 645-6138 / Fax: (610) 649-0777
Email: etraub@lowermerion.org

PUBLIC FINANCIAL MANAGEMENT, INC. (FINANCIAL ADVISOR)

Two Logan Square, Suite 1600
18th & Arch Streets
Philadelphia, PA 19103
Phone: (215) 567-6100
Fax: (215) 567-4180

Daniel Kozloff, *Managing Director*

Email: kozloffd@pfm.com

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SAUL EWING LLP (BOND COUNSEL)

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222 Delaware Avenue, Suite 1200
Wilmington, DE 19801

Silvia Shin, *Special Counsel*

Phone: (302) 421-6896 / Fax: (302) 421-5876
Email: sshin@saul.com

GRANT STREET/PFMAUCTION (ELECTRONIC BIDDING PLATFORM)

Client Services

Phone: (412) 391-5555
Email: AuctionSupport@GrantStreet.com

BIDDING PARAMETERS TABLE*

INTEREST		PRICING	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price:	115.0%
Anticipated Date of Delivery:	May 10, 2016	Min. Aggregate Bid Price:	98.5%
Interest Payment Dates:	January 15 and July 15	Min. Bid Price, per maturity:	98.5%
First Interest Payment Date:	July 15, 2016		
Coupon Multiples:	1/8 or 1/20 of 1%	Max. Reoffering Price (each maturity):	Unlimited
Split Coupons:	Not Allowed	Min. Reoffering Price (each maturity):	Unlimited
Maximum Difference Between Coupons:	N/A	Maximum Coupon:	N/A
Increasing Yields:	NO BOND MATURING ON OR AFTER JANUARY 15, 2017 SHALL HAVE A YIELD TO MATURITY THAT IS LOWER THAN THE YIELD TO MATURITY OF THE IMMEDIATELY PRECEDING MATURITY	Minimum Coupon:	N/A
PRINCIPAL		PROCEDURAL	
Optional Redemption:	Not subject to optional redemption prior to maturity.	Sale Date:	April 6, 2016
		Sale Time:	10:45 a.m. Prevailing Eastern Time
Post-bid Principal Increases		Bid Submission:	Electronic bids through PFMauktion only
Aggregate:	15%		
Post-bid Principal Reductions		All or None?	Yes
Aggregate:	15%		
Term Bonds:	Any two or more consecutive maturities of the Bonds may be designated as term bonds; mandatory sinking fund payments must be equal in timing and amount to the Principal Amortization Schedule set forth herein.	Bid Award Method:	Lowest TIC Electronically
		Bid Confirmation:	Fax Signed PFMauktion or BidComp screen
		Awarding of Bid:	On the Sale Date by the Township
		Good Faith Deposit:	2% of the face value of the Bonds; as more fully described on page D-10 "Good Faith Deposit"

* If numerical or date references contained in the body of this Invitation to Bid conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Invitation to Bid shall control. Consult the body of this Invitation to Bid for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

PRINCIPAL AMORTIZATION SCHEDULE*

The Bonds will be issued in serial form or, if subject to mandatory sinking fund redemption, in term form, or in a combination of such forms, as designated by the successful bidder for the Bonds in its proposal, as described below. The principal of the Bonds shall be payable in installments on January 15 in the following years and in the following amounts.

\$3,850,000* General Obligation, Series A of 2016

<u>Year of Principal Payment*</u>	<u>Principal Amount Payable*</u>
2017	\$25,000
2018	1,060,000
2019	1,375,000
2020	1,390,000

**Preliminary, subject to change.*

The Bonds

Security

The Bonds will be general obligations of the Township, payable from its tax and other general revenues. The Township has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues of each year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from the Sinking Fund established under the Ordinance, or any other of its revenues or funds, the principal of every Bond and the interest thereon at the date and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the Township irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable property within the Township presently unlimited as to rate or amount for such purpose.

Description of the Bonds

The Bonds will be dated as of the Anticipated Delivery Date set forth in the Bidding Parameters Table, and the Bonds of any maturities may be designated as separate series or subseries as determined by the Township and will be issued as nonelectoral debt pursuant to a debt-incurring Ordinance (the "Ordinance") and the Pennsylvania Local Government Unit Debt Act, 53 Pa.Cons. Stat. 8001 et seq., as amended (the "Act"). The Bonds will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof, will be dated the anticipated date of delivery (the "Dated Date") set forth in the Bidding Parameters Table, and will bear interest from the Dated Date until paid or duly called for redemption at the annual rate or rates specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Table. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

The Bonds will mature on the month and day, in the years and principal amounts shown in the Principal Amortization Schedule, subject in each case to adjustment to the extent permitted in this Invitation to Bid.

Book-Entry Only

The Bonds will be issued in fully registered, book-entry only form and a bond certificate for each maturity of each series will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of, premium, if any, and interest on the Bonds will be payable by the paying agent and registrar (the "Bond Registrar") by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal, premium, if any, and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Township nor the Bond Registrar will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The successful bidder will be required to furnish to DTC within seven days after the sale the customary underwriter's questionnaire and information as to each DTC participant and the Bonds to be held for it. See the Preliminary Official Statement for more information regarding DTC.

Credit Rating

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned to the Bonds municipal bond ratings of "Aaa" and "AAA," respectively. An explanation of the significance of these ratings and any outlook may be obtained from Moody's Investors Service, Inc. 99 Church Street, New York, New York 10007, and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that these ratings will continue for any period of time or that the ratings will not be revised or withdrawn. Any such revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" in the Preliminary Official Statement and interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes. However, under the Code, such interest may be subject to certain other taxes affecting corporate holders of the Bonds. This opinion of Bond Counsel is subject to continuing compliance by the Township with its covenants in the Ordinance (defined below) and other documents to comply with requirements of the Code and applicable regulations thereunder. Under the laws of the Commonwealth of Pennsylvania, the Bonds are exempt from personal property taxes in Pennsylvania, and interest on the Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" in the Preliminary Official Statement.

The Township has designated the Bonds as "qualified tax exempt obligations" within the meaning of Section 265 (b)(3) of the Code (or such Bonds are deemed designated under the Code). For a more complete discussion, see "TAX MATTERS - Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax Exempt Obligations" in the Preliminary Official Statement.

Paying Agent

The principal of and interest on the Bonds will be payable in lawful money of the United States of America, at the designated corporate trust office in Pennsylvania of a paying agent and sinking fund depository (the "Paying Agent" and "Sinking Fund Depository"). The selected paying agent may also designate one or more of its other offices within or outside Pennsylvania as additional places for payment of the Bonds. While the Bonds are in the Book-Entry Only System, however, payment on the Bonds will be made by wire transfer to DTC.

Designation of Term Bonds

Within the Bonds, bidders may, at their option, designate any two or more consecutive principal amounts (as such principal amounts may be adjusted in accordance herewith) to be combined into term bonds as set forth in the Bidding Parameters Table. Each such term bond designated will be subject to mandatory sinking fund redemption commencing on the principal payment date of the first year which has been combined to form such term bond and continuing on the principal payment date in each year thereafter until the stated maturity date of such term bond, which will be the last year combined to form such term bond. The amount redeemed in any year will be equal to the principal amount for such year as set forth in the Principal Amortization Schedule (as such principal amounts may be adjusted in accordance herewith). The Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par. Bidders may specify one or more of such term bonds.

Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Adjustment of Amounts and Maturities

Prior to the Sale Date, the Township may cancel the sale of the Bonds or adjust the aggregate principal amount and the principal amount of any maturity of the Bonds. The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each installment payment on the Bonds as set forth in this Invitation to Bid (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", and collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS made prior to the opening of the bids (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and collectively the "Revised Amounts") WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 4:00 P.M., PREVAILING EASTERN TIME, ON THE BUSINESS DAY IMMEDIATELY PRIOR TO THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

After the receipt and opening of the bids for their purchase, the Township may reject the bids for the Bonds or adjust the aggregate principal amount and the principal amount of each maturity of the Bonds; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The Township will consult with the successful bidder before adjusting the amount of any maturity of the Bonds or canceling the sale of the Bonds; however, the Township reserves the sole right to make adjustments, within the limits described above, or to cancel the sale of the Bonds. The Township intends to notify the successful bidder, if any, of any adjustments made after the opening of the bids promptly and in any event not later than twenty-four (24) hours after the bid opening unless waived by the successful bidder. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Bonds offered by the Township, assuming the Township has satisfied all other conditions of this Invitation to Bid.

If the principal amount of any maturity of the Bonds is adjusted after the award, the interest rate and reoffering price (as a percentage of the adjusted principal) for each maturity and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

Change of Sale Date and/or Closing Date

Notice of a change or cancellation will be announced via the Thomson Municipal News wire at www.tm3.com not later than 4:00 p.m., prevailing Eastern Time, on the day preceding the bid opening. Such notice will specify the revised principal amount or other revised feature, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated on at least forty-eight (48) hours notice via the Thomson Municipal News wire at www.tm3.com.

Conditions of Closing

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds, the successful bidder will be furnished the following documents: (i) within seven (7) business days following acceptance of the bid, sufficient copies of the Final Official Statement relating to the Bonds as are required by Rule 15c2-12(b)(3) under the Securities Exchange Act of 1934, (the cost of 15 of which shall be borne by the Township), which Final Official Statement shall be dated as of the date of sale of the Bonds and shall be similar in form and substance in all material respects to the POS referred to above, as amended or supplemented to the date and time of sale of the Bonds (inclusive of those amendments or supplements made from details contained in the successful bid(s) for purchase of the Bonds), (ii) a certificate signed by the President or Vice President of the Township and dated as of the date of delivery of and payment for the Bonds certifying that (a) as of the date of the Final Official Statement furnished by the Township in relation to the sale of the Bonds, the Final Official Statement to the best of his/her knowledge did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in the Final Official Statement obtained from sources other than the Township is not certified as to accuracy, completeness or fairness, the President or Vice President has no reason to believe and does not believe that such information is materially inaccurate or misleading and (b) to his/her knowledge, since the date of the Final Official Statement, there has been no material adverse change in the general affairs of the Township or in its financial condition as set forth in the Final Official Statement other than as disclosed in or contemplated by the Final Official Statement; (iii) a Tax Certificate or Regulatory Agreement, satisfactory to Bond Counsel, necessary to comply with Sections 103 and 141-150 of the Code and applicable regulations promulgated thereunder; and (iv) the legal opinion of Saul Ewing LLP of Philadelphia, Pennsylvania, Bond Counsel, stating among other things, that (a) under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under existing law, subject to certain exceptions described under "TAX MATTERS" in the Final Official Statement; and (b) under the existing laws of the Commonwealth of Pennsylvania interest is free from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation, but such exemption does not extend to gift, inheritance, succession or estate taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania.

Preliminary and Final Official Statement

The Township's Preliminary Official Statement ("POS"), dated March 29, 2016 is available for viewing in electronic format on the PFMAuction website. The PFMAuction website address is www.PFMAuction.com. In addition, NASD registered broker-dealers and dealer banks with DTC clearing arrangements may either: (a) print out a copy of the POS on their own printer, or (b) at any time prior to the Sale Date, elect to receive a photocopy of the POS in the mail by requesting it on the PFMAuction website or by calling the Township's financial advisor, Public Financial Management, Inc. (the "Financial Advisor"), Two Logan Square, Suite 1600, 18th and Arch Streets, Philadelphia, PA 19103-2770 at (215) 567-6100. In order to print a copy or request a photocopy of the POS from PFMAuction, click the "View POS" button on the PFMAuction Selections Page and follow the instructions. All bidders must review the POS and certify that they have done so prior to participating in the bidding.

The Preliminary Official Statement is deemed by the Township to be final as of its date, for purposes of SEC Rule 15C2-12(b)(1) under the Securities Exchange Act of 1934, except for the omission of information concerning the offering price(s), interest rates(s), selling compensation, aggregate principal amount of the Bonds, and any other terms or provisions to be determined from the successful bid(s) or depending on such matters, and the identity of the underwriter(s). The Preliminary Official Statement is, however, subject to such further revisions, amendments and completion in a Final Official Statement as may be necessary.

The Township shall provide a successful bidder with up to 15 conformed copies of a Final Official Statement within seven (7) business days following the date of acceptance of the bid.

Electronic Bidding

Registration and Admission to Bid

To bid by PFMAuction, bidders must first visit the PFMAuction website where, if they have never registered with either PFMAuction or MuniAuction, they can register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only NASD registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Bidders who have previously registered with MuniAuction may call MuniAuction at (412) 391-5555 for their ID Number or password.

Bids

No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify an annual rate of interest and yield for each maturity and a dollar purchase price for the entire issue of the Bonds.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds:

- (1) All bids must be submitted on the PFMAuction website at www.PFMAuction.com. **No telephone, telefax, telegraph or personal delivery bids will be accepted.**
- (2) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by PFMAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two (2) minutes.
- (3) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.
- (4) The last bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd", etc.).

- (6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Rules of PFMAuction

The “Rules” of PFMAuction can be viewed on the PFMAuction website and are incorporated herein by reference. Bidders must comply with the Rules of PFMAuction in addition to the requirements of this Invitation to Bid. To the extent there is a conflict between the Rules of PFMAuction and this Invitation to Bid, this Invitation to Bid shall control.

Rules

- (1) A Bidder (“Bidder”) submitting a winning bid (“Winning Bid”) is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the Issuer, as set forth in this Invitation to Bid. A Winning Bid is not officially awarded to the Winning Bidder until formally accepted by the Issuer.
- (2) Neither the Issuer, PFM nor MuniAuction (the “Auction Administrator”) is responsible for technical difficulties that result in loss of Bidder’s internet connection with PFMAuction, slowness in transmission of bids, or other technical problems.
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon Bidder, unless the Issuer exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in this Invitation to Bid (including Amendments, if any) related to each auction.
- (6) Neither the Issuer, PFM nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Invitation to Bid, Amendments, or Preliminary Official Statement as they appear on PFMAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. PFM and the Auction Administrator reserve the right to deny access to PFMAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the Issuer, PFM nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder’s PFMAuction password.
- (9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by PFMAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Pages immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Pages they must report them to PFMAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by PFMAuction, bonds are definitively awarded to winning bidders only upon official award and acceptance by the Issuer. If, for any reason, the Issuer fails to: i) award bonds to the winner reported by PFMAuction, or ii) deliver bonds to winning bidders at settlement, neither the Issuer, PFM or the Auction Administrator will be liable for damages.

Definitions:

“Bid”: any confirmed purchase offer received by PFMAuction on or before the auction deadline.

“Bidder”:	any firm registered with either PFMAuction or MuniAuction and approved for participation in auctions.
“Winning Bid”:	any purchase offer made by a Bidder by clicking the “Submit Bid” button and received by PFMAuction which, at the end of the bidding time period, results in the lowest True Interest Cost in the auction and which is acceptable to the Township.
“True Interest Cost”:	calculation described in Invitation to Bid related to each auction which serves as basis for awarding bonds to Winning Bidders.

Award of Bid

Subject to the right reserved to the Township to reject any or all bids, the Bonds will be sold to the bidder whose bid produces the lowest True Interest Cost (“TIC”) for the Issuer and otherwise complies with this Invitation to Bid. The TIC for the Bonds will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the semiannual debt service payments from the payment dates to the dated date of the Bonds and to the aggregate purchase price, excluding interest accrued to the date of delivery, if any.

Bids shall be presented by the Financial Advisor to the Township at a meeting of the Township Commissioners, at the Township of Lower Merion, 75 E. Lancaster Avenue, Ardmore, PA 19003-2376, at 8:00 p.m., prevailing time on the Sale Date, at which meeting the bids will be considered. Bids must remain valid until at least 9:00 a.m. prevailing time, April 7, 2016 and if accepted by the Board of Commissioners of the Township prior to such time, shall be irrevocable except as otherwise provided in this Invitation to Bid.

Right of Rejection

The Township expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Bonds or otherwise provide for the public sale of the Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of the Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

Delivery and Payment

Delivery of the Bonds will be made by the Township to DTC in book-entry only form, in New York, New York on or about the Dated Date, or on or about such other date as may be agreed on by the Township and the successful bidder.

At the time of delivery of the Bonds, payment of the amount due for the Bonds must be made by the successful bidder to the order of the Township immediately available in federal funds or other funds immediately available to the Township, or by such other means as may be acceptable to the Chief Financial Officer of the Township. Any expense incurred in providing immediately available funds, whether by transfer of federal funds or otherwise, shall be borne by the purchaser.

Good Faith Deposit

The successful bidder will be required to wire the Good Faith Deposit (2% of the face value of the Bonds) to the Township as bid security by 4:00 p.m. on the Sale Date as set forth in the Bidding Parameters Table. The Financial Advisor will contact the successful bidder to provide wire instructions for the bid security. The bid security will be retained by the Chief Financial Officer of the Township and: (a) will be applied, without allowance for interest, against the purchase price when the Bonds actually are delivered to and paid for by such successful bidder; or (b) will be retained by the Township as liquidated damages if the bidder defaults with respect to the bid; or (c) will be returned to the bidder with interest at the rate of five percent per annum (5%), if the Bonds are not issued by the Township for any reason which does not constitute a default by the bidder. The balance of the purchase price shall be paid in Federal Funds.

Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

Information Required from Winning Bidder

By making a bid for the Bonds the successful bidder further affirmatively agrees to: (i) provide to the Township, in writing, immediately upon being unofficially awarded the Bonds, a written confirmation of the bid as appropriate, which shall include the purchase price, annual rate of interest for each maturity, reoffering yield(s), and other related information necessary for completion of the Final Official Statement, (ii) disseminate to all members of any underwriting syndicate copies of the Official Statement, including any supplements prepared by the Township, (iii) promptly file a copy of the final Official Statement, including any supplements prepared by the Township, with the MSRB in an electronic format prescribed by the MSRB and (iv) take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the MSRB governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

CUSIP Numbers; Expenses of the Bidder

It is anticipated that CUSIP numbers will be assigned to each of the Bonds, but neither the failure to type or print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Bonds. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Bonds promptly upon award of the bid. All expenses of typing or printing CUSIP numbers for the Bonds will be paid for by the Township; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Bonds.

Reoffering Price Certificate

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE TOWNSHIP A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC AT THEIR RESPECTIVE REOFFERING PRICES, (III) AS OF THE SALE DATE OF THE BONDS, EXCEPT FOR ANY SPECIFIED MATURITIES, A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC AT THEIR RESPECTIVE INITIAL REOFFERING PRICES, AND (IV) THE INITIAL REOFFERING PRICES FOR THE BONDS ARE NOT LESS THAN THE FAIR MARKET VALUE OF SUCH BONDS AS OF THE DATE OF THE SALE OF THE BONDS, OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of at least 10% or more in par amount of each maturity of the Bonds at the initial reoffering price would be sufficient to certify as the sale of a substantial amount of such maturity, (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds, and (iv) the public does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

Changes in Federal Law:

From time to time, there are presidential proposals, proposals by various federal committees and legislative proposals in Congress that, if enacted, could alter or amend the tax matters referred to in the Preliminary Official Statement or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulations or other potential changes in law. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulations or other potential changes in law.

Continuing Disclosure

In order to assist bidders in complying with the requirements of the Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”), the Township intends, for the benefit of the respective holders of the Bonds, to execute a supplement to the original Continuing Disclosure Agreement dated March 22, 2013 to include the Bonds thereunder (as so supplemented, the “Disclosure Agreement”), setting forth the undertaking of the Township to provide certain annual financial reports and notices of the occurrence of certain events. A description of this undertaking, including certain limitations thereon, is set forth in the Preliminary Official Statement, and will also be set forth in the final Official Statement.

Additional Information

Additional information and the Preliminary Official Statement relating to the Bonds may be obtained from the Township’s Financial Advisor, Public Financial Management, Two Logan Square, 18th and Arch Streets, Philadelphia, PA 19103-2770, attention: Mr. Daniel Kozloff (215-567-6100) or Mr. Paul Matteo (215-567-6100). The Invitation to Bid and the Preliminary Official Statement may be viewed on the PFMauction website. However, the Township makes no assurance or representation with respect to the form of the Invitation to Bid and the Preliminary Official Statement on the PFMauction website, and no investment decision should be made in reliance thereon. Printed copies of the POS and the Invitation to Bid may be obtained from the Financial Advisor at the address and phone number stated above. Additional information relating to the auction or a private bidding tutorial may be obtained by calling the Auction Administrator, MuniAuction, at (412) 391-5555.

March 29, 2016

TOWNSHIP OF LOWER MERION
Montgomery County, Pennsylvania

By/s/ Paul A. McElhane
President of the Township Board of Commissioners

APPENDIX E

**WINNING BID FORM
(All-or-None Bid)
TOWNSHIP OF LOWER MERION
Montgomery County, Pennsylvania**

\$3,655,000 GENERAL OBLIGATION BONDS, Series A of 2016

April 6, 2016

Board of Commissioners
Township of Lower Merion
c/o Public Financial Management, Inc. – Daniel Kozloff
Two Logan Square
18th and Arch Streets
Philadelphia, PA 19103-2770
Fax #: (215) 567-4180
Email: kozloffd@pfm.com
ATTN: Daniel Kozloff

Ladies and Gentlemen:

Subject to the provisions of and in accordance with the terms of the Invitation to Bid, dated March 29, 2016 of the Township of Lower Merion (the “Township”) for \$3,655,000 General Obligation Bonds, Series A of 2016 (the “Bonds”).

We hereby confirm that we have agreed to purchase all, but not less than all, of the \$3,655,000 aggregate principal amount of the Bonds described in the Invitation to Bid and to pay therefore the amount of \$3,931,332.05 constituting the principal amount of the Bonds (\$3,655,000), plus original issue premium (\$281,243.20), less the underwriter’s discount (\$4,911.15), plus the interest accrued, if any, on the Bonds from May 10, 2016 to the date of their delivery. This offer is for the Bonds bearing interest at the rates and in the form of serial bonds as follows:

Series A of 2016

<u>Maturity Amount</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
1/15/2018	980,000	5.000%	0.580%
1/15/2019	1,320,000	5.000%	0.670%
1/15/2020	1,355,000	2.000%	0.830%

As the winning bidder, we confirm that we have wired the Good Faith Amount of \$73,100, or 2% of the face value of the Bonds, to the Township, as security against any loss of the Township resulting from failure of the undersigned bidder to comply with terms of the Bid.

As the winning bidder, we confirm that we have agreed to immediately furnish the additional information described under the captions “Information Required From Winning Bidder” and “Reoffering Price Certificate” in the Invitation to Bid.

As the winning bidder, we confirm that we have agreed to provide to the Township as soon as possible after the sale of the Bonds a complete list of syndicate members, if any, the actual allocation of the Bonds and the orders placed by the syndicate members.

We have noted that payment of the net purchase price is to be made in immediately available Federal Funds at the time of delivery of the Bonds.

In the event we have bid on behalf of a bidding syndicate, we represent that we have full and complete authority to submit the bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group.

We desire ____ copies (not exceeding 15) of the Final Official Statement for the Bonds (as provided in the Invitation to Bid). We understand that we may obtain additional copies at our own expense.

We further certify (or declare) under penalty of perjury under the laws of the Commonwealth of Pennsylvania that our Bid and this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for itself an advantage over any other bidder.

Respectfully submitted,

Name of Bidder: _____

By: _____

Name and Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail: _____

The above Bid is hereby accepted by the Board of Commissioners of the Township of Lower Merion, with Final Maturity Schedule as shown above.

TOWNSHIP OF LOWER MERION
Montgomery County, Pennsylvania

Attest

By _____
President

Date: _____, 2016

Secretary



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