

**RESOLUTION R-2018-156  
LUZERNE COUNTY COUNCIL**

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES OF 2019 IN THE PRINCIPAL AMOUNT NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000); PROVIDING FOR THE DATED DATE, INTEREST RATE, MATURITY DATE, PAYMENT AND PLACE OF PAYMENT IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL ATTACHED HERETO AS EXHIBIT "B" FROM THE FINANCIAL INSTITUTION OR ENTITY NAMED THEREIN FOR THE PURCHASE OF THE NOTE; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO EXECUTE AND DELIVER THE NOTE AND CERTAIN OTHER DOCUMENTS AND CERTIFICATES IN CONNECTION THEREWITH; AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING OF THE NECESSARY DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA; SETTING FORTH A FORM OF THE NOTE.

WHEREAS, the County of Luzerne, Pennsylvania (the "County"), anticipates receiving taxes and other revenues during the fiscal year ending December 31, 2019, which taxes and other revenues are currently uncollected; and

WHEREAS, the County has estimated, on a monthly basis, its expected taxes, revenues and expenditures for the fiscal year ending December 31, 2019, and has determined that during a portion of such fiscal year it will experience a "cumulative cash flow deficit" as such phrase is defined in the regulations promulgated under Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the County has determined to borrow monies for the purpose of funding, in part, such cumulative cash flow deficit by issuing a note to be repaid from the anticipated taxes and revenues, all in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act 53 Pa.C.S., Chapters 80-82, as reenacted and amended (the "Debt Act"); and

WHEREAS, the County has received an acceptable proposal for the purchase of its Tax and Revenue Anticipation Note as hereinafter described; and

WHEREAS, as required by Section 8126 of the Debt Act, officials of the County have heretofore made an estimate of the taxes and revenues to be received during such fiscal year ending December 31, 2019 (the "Estimate"), and, by their execution of a certificate with respect thereto dated this date and attached hereto as Exhibit "A" (the "Certificate"), have certified to such Estimate.

NOW, THEREFORE, BE IT RESOLVED by the Council of the County of Luzerne, Pennsylvania (the "Council"), in lawful session duly assembled, as follows:

Section 1. For the reasons and purposes recited above, the County hereby exercises its power and authority to borrow money and authorizes the issuance and sale of its Tax and Revenue Anticipation Note, Series of 2019, in the principal amount not to exceed Seventeen Million Dollars (\$17,000,000) substantially in the form attached hereto as Exhibit "B" (the "Note") in anticipation of the receipt of current taxes and revenues to be received during the fiscal year ending December 31, 2019 as provided in the Certificate, such Note to be issued, sold and delivered as hereinafter provided.

Section 2. The Chair or Vice-Chair of the Council of the County or the County Manager, attested by the Clerk or Interim Clerk of the Council of the County, is hereby authorized and directed, in the name and on behalf of the County, to prepare and file with the Department of Community and Economic Development of the Commonwealth of Pennsylvania a certified copy of this Resolution, a Certificate setting forth the Estimate and a true copy of the accepted Proposal (as hereinafter defined) for the purchase of the Note, all as set forth in and required by Section 8128 of the Debt Act. The Chair or Vice-Chair of the Council of the County or the County Manager, attested by the Clerk or Interim Clerk of County Council, is also hereby authorized and directed, in the name and on behalf of the County, to prepare and verify a certificate, in accordance with Sections 103 and 148 of the Code and the regulations applicable thereto, setting forth the anticipated use of the proceeds, to prepare and deliver to the Purchaser of the Note the Certificate required by Section 8127 of the Debt Act relating to the total amount of the County's tax and revenue anticipation notes outstanding on the date of delivery of the Note, and to take any and all other action, and to execute and deliver any and all other documents and instruments, as may be necessary, proper or desirable to effect the issuance and sale of the Note as contemplated herein. The certification made on the date of adoption of this Resolution by the aforementioned officials of the County, relating to the Estimate, is hereby ratified and approved.

Section 3. The Note shall be designated "County of Luzerne, Pennsylvania, Tax and Revenue Anticipation Note, Series of 2019," shall be issued as a physical certificate in registered form, without coupons, shall be in the principal amount not to exceed Seventeen Million Dollars (\$17,000,000), shall be dated the date of issuance, shall bear interest at the fixed rate of interest set forth in the Proposal, from the date of delivery until maturity, shall mature on June 30, 2019 and be pre-payable prior to maturity, have such mandatory sinking fund redemption provisions, be payable as to principal and interest at the place and in the manner, and to the extent as set forth in the Proposal attached as Exhibit "C" hereto.

Section 4. The Note shall be executed by the Chair or Vice-Chair of Council of the County or the County Manager, shall have the corporate seal of the County affixed thereto, and shall be duly attested by the Clerk or Interim Clerk of Council of the County. The Chair or Vice-Chair of Council of the County or the County Manager is further authorized and directed to deliver the Note to the Purchaser hereinafter named upon the terms and conditions hereinafter provided in the Proposal and the Note, and to execute and deliver such other documents and instruments, attested to by the Clerk or Interim Clerk of Council of the County, and to take such other action as may be necessary or appropriate to effect the issuance and sale of the Note in accordance with this Resolution, the Debt Act, the Proposal and the Note, and as required by Bond Counsel (as defined below).

Section 5. The Note, when issued, together with any other tax and revenue anticipation notes issued by the County during fiscal year 2019, will be a general obligation of the County secured by a pledge of, security interest in, and a lien and charge on, the taxes and other revenues to be received by the County during the period when the Note is outstanding; and the Chair or Vice-Chair of Council of the County is hereby authorized and directed to prepare and file, or to have filed by Bond Counsel, such financing statements as may be necessary to fully perfect such pledge, security interest, lien and charge pursuant to the Pennsylvania Uniform Commercial Code and Section 8125 of the Debt Act.

Section 6. The County hereby covenants that it will not make any use of the proceeds of the Note or do or suffer any other action which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause the Note to be an "arbitrage bond" or "private activity bond" as such terms are defined in Section 148 or Section 141 of the Code and the regulations applicable thereto and further covenants that it will comply with Section 148 and Section 141 of the Code, and with any regulations applicable thereto, throughout the term of the Note, including without limitation, any requirements relating to a rebate of certain excess earnings pursuant to Section 148(f) of the Code of any regulations applicable thereto now existing or promulgated hereafter. In connection therewith, the Chair or Vice-Chair of Council of the County or the County Manager, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to execute and to deliver, in the name and on behalf of the County, any and all documents or other instruments which Saul Ewing Arnstein & Lehr LLP, as Bond Counsel ("Bond Counsel"), may reasonably request to provide its opinion that the Note is not an "arbitrage bond" or "private activity bond" within the meaning of Section 148 and Section 141 of the Code and the regulations applicable thereto.

Section 7. The formal proposal (the "Proposal") of the lender identified therein (the "Purchaser"), presented to the Council and attached hereto as Exhibit "C," is hereby accepted and the Note is hereby awarded to the Purchaser at a private sale for the aggregate purchase price as provided in the Proposal. The terms of the Proposal are incorporated herein by reference with the same effect as if set forth in full at this place. The Chair or Vice-Chair of Council of the County or the County Manager, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to, accept the Proposal, in the name of and on behalf of the County, by executing the County's acceptance on an original copy of the Proposal, to deliver a fully executed and completed copy of the same to the Purchaser and to file the original with the records of the County. The Chair or Vice-Chair of Council of the County or the County Manager is hereby authorized to deliver the Note to the Purchaser upon receipt of the full principal amount of the purchase price for such Note and in compliance with all conditions precedent to such delivery as required by the Debt Act, this Resolution, the Proposal and the Note; and such Chair or Vice-Chair of Council of the County, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to prepare, verify and deliver to the Purchaser concurrently with the delivery of the Note, the Certificate required by Section 8127 of the Debt Act, a copy of which certificate shall be retained with the records of the County until the Note has been paid in full.

Section 8. The Form of the Note shall be substantially as set forth and attached hereto as Exhibit "B," which form is hereby incorporated by reference and adopted as if fully recited at length herein and said form is hereby approved by this Council, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, series designation, interest rate, principal amount and sinking fund provisions, of the Note as specified to the County in the Proposal and such other changes as the Chair or Vice-Chair of Council of the County or the County Manager may approve upon advice of the Solicitor of the County, such approval to be evidenced by such officer's execution and delivery of the Note.

Section 9. The proper officers of the County are hereby authorized to establish a sinking fund for the Note with the Purchaser, if necessary. The County Director of Budget and Finance or other proper officer of the County is hereby authorized and directed to make deposits into the sinking fund to be held for the payment of principal and interest on the Note as provided in the Note.

Deposit by the County into the sinking fund of the amount of good funds necessary to pay the Note in full shall satisfy in full the obligation of the County to pay principal and interest with respect to the Note.

Section 10. The proper officers of the County are hereby authorized, jointly and severally, to do any and all things necessary to effectuate the issuance, execution, delivery and sale of the Note, including the execution and delivery of any and all additional documents, representations, declarations, note purchase agreements, loan agreements, reimbursement agreements, security agreements, intercreditor agreements, sinking fund agreements, pledge agreements, escrow agreements, assignments, financing statements, tax and other certificates, authorizations, contracts, agreements, insurance binders and other papers as may be necessary to effectuate any of the foregoing or as may be required by Bond Counsel, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by the County.

Section 11. Saul Ewing Arnstein & Lehr LLP is hereby appointed Bond Counsel in connection with the issuance and sale of the Note.

Section 12. The County Manager and the County Director of Budget and Finance or any other proper official of the County is hereby authorized and directed to pay at, or subsequent to, the closing for the issuance of the Note, all costs and expense of the issuance incurred by or on behalf of the County or required to be paid by the County, all in accordance with the provisions of the Proposal. All such expenses incurred in connection with issuance of the Note shall be paid out of the proceeds derived from the issuance of the Note and the County Manager and the County Director of Budget and Finance is authorized to approve requests for payment of such expenses and to direct the Purchaser to pay such expenses directly from the proceeds of the Note.

Section 13. This Resolution shall become effective on the earliest possible date in accordance with the terms of the County Charter and shall further be deemed part of the Note and incorporated therein by reference and enforceable by the holder of the Note.

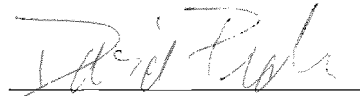
DULY ADOPTED, THIS 11TH DAY OF DECEMBER, 2018, BY THE COUNCIL OF THE COUNTY OF LUZERNE, PENNSYLVANIA, IN LAWFUL REGULAR SESSION DULY ASSEMBLED.

ROLL CALL VOTE (10-1)

YES: Haas, Houck, Kelleher, McGinley, Perry, Saidman, Schnee, SA Urban, Vough and Waitkus  
NO: Brominski

Attest:   
Sharon Lawrence, Clerk of Council

LUZERNE COUNTY COUNCIL  
By:   
Tim McGinley, Chair

LUZERNE COUNTY MANAGER  
By:   
C. David Pedri, Esq., County Manager

CERTIFICATE

COUNTY OF LUZERNE, PENNSYLVANIA  
\$16,000,000 Tax and Revenue Anticipation Note,  
Series of 2019

CERTIFICATE AS TO TAXES AND REVENUES TO BE COLLECTED

Pursuant to Sections 8122 and 8126 of the Local Government Unit Debt Act, the undersigned officers of the County of Luzerne, Pennsylvania (the "County") DO HEREBY CERTIFY as follows in connection with the authorization by the County of its Tax and Revenue Anticipation Note, Series of 2019, in a principal amount of \$16,000,000 (the "Note"):

Section 1. This Certificate is given as of a date not more than thirty (30) days prior to the authorization, by resolution, by the Council of the County of the issuance and sale of the Note.

Section 2. The Note will be outstanding for a period ending no later than June 30, 2019.

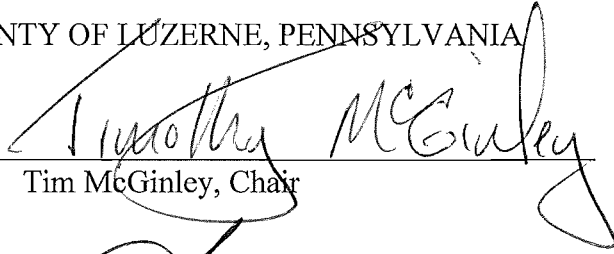
Section 3. The undersigned have carefully estimated that the aggregate amount of moneys to be received by the County from taxes presently levied and assessed, or anticipated to be levied and assessed, and other revenues to be received (including subsidies and reimbursements) during the 2019 fiscal year during the period when the Note will be outstanding is not less than \$117,461,949 as shown in Column (C) of the attached Cash Flow Calculation Worksheet.

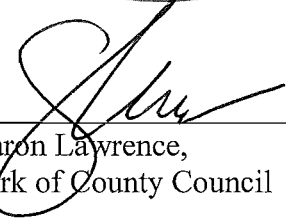
Section 4. In making the foregoing estimate, the undersigned have considered the past and anticipated collection experience of the County and current and projected economic conditions.

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IN WITNESS WHEREOF, the undersigned have set their hands as of December 11,  
2018.

COUNTY OF LUZERNE, PENNSYLVANIA

By:   
Tim McGinley, Chair

By:   
Sharon Lawrence,  
Clerk of County Council

CASH FLOW CALCULATION WORKSHEET

County of Luzerne, Pennsylvania  
 Cumulative Cash Flow Deficit Calculation for Fiscal Year Ending December 31, 2019

A	B	C	D	E	F
Month	Opening Balance	Estimated Receipts	Estimated Disbursements	Month Surplus/(Deficit)	Cumulative Surplus/(Deficit)
January	1,500,000	899,000	9,293,130	-8,394,130	-6,894,130
February	-6,894,130	4,579,000	13,936,500	-9,357,500	-16,251,630
March	16,251,630	31,104,125	11,899,000	19,205,125	2,953,495
April	2,953,495	56,838,000	9,301,500	47,536,500	50,489,995
May	50,489,995	13,306,000	16,878,569	-3,572,569	46,917,426
June	46,917,426	10,735,824	15,464,064	-4,728,240	42,189,186
<b>Total</b>	<b>1,500,000</b>	<b>117,461,949</b>	<b>76,772,763</b>		

Highest 2019 Projected Deficit	(\$16,251,630)
Less: Working Capital Reserve	
Expenditures through 11/30/2018	112,263,500
	5%
	(5,613,175)
<b>Maximum Allowable 2019 TAN</b>	<b>(\$21,864,805)</b>



EXHIBIT "B"

FORM OF NOTE

R-1

\$ \_\_\_\_\_

COUNTY OF LUZERNE, PENNSYLVANIA ,  
TAX AND REVENUE ANTICIPATION NOTE,  
SERIES OF 2019

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
_____ %	JUNE 30, 2019	JANUARY __, 2019

REGISTERED OWNER: [PNC Bank, National Association]

The County of Luzerne, Pennsylvania (the "County"), for value received, hereby promises to pay to the Registered Owner(s) hereof on the Maturity Date set forth above, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), together with interest on said sum computed at the annual rate of \_\_\_\_\_ ( \_\_\_\_\_ %) (on a 365/360 day basis) payable on the Maturity Date or upon earlier redemption. Both the principal of and interest on this Note shall be payable in lawful money of the United States of America directly to the Registered Owner hereof by wire transfer in immediately available funds to an account designated by the Registered Owner.

This Note is the Tax and Revenue Anticipation Note, Series of 2019, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Note"), authorized and issued in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended (the "Act"), and pursuant to a Resolution adopted by the County on December 11, 2018 (the "Resolution") and filed, together with other required documents, with the Pennsylvania Department of Community and Economic Development. Reference is hereby made to the Act and the Resolution for a statement of the rights and limitations of rights of the Registered Owner of the Note under the Act, to all of which the Registered Owner hereof by acceptance of this Note assents. The Registered Owner's rights and remedies with respect to any event of default and the enforcement of the County's obligations, warranties, representations or undertakings as specified in this Note or the Resolution shall be governed by the provisions of the Act and the rights and remedies of a secured creditor under Pennsylvania Uniform Commercial Code Article 9, including the rights of mandamus and injunction as provided for in the Act. Amounts not paid when due under this Note shall bear interest at the above interest rate plus \_\_\_\_\_ basis points.

This Note is issued under and in accordance with the Act, for the purpose of providing funds for current expenses payable in the current fiscal year in anticipation of the receipt of taxes and other revenues by the County from the date of original delivery of the Note to the stated maturity date hereof.

It is the intention of the County that the interest payable upon this Note will not be includable in gross income of the holder hereof for purposes of federal income taxation under the United States Internal Revenue Code of 1986, as amended (the "Code"). The County hereby covenants that it will not do anything that would endanger the tax-exempt status of the interest referred to herein. The County covenants that it will not make any investment or other use of any portion of the "proceeds" of this Note (within the meaning of Sections 103 and 141 through 150 of the Code or any applicable regulations thereunder) which would cause the Note to be an "arbitrage bond" as such term is defined in Section 148 of the Code or which would otherwise cause the interest on this Note to be includable in gross income of the holder hereof for purposes of federal income taxation under the Code. The County covenants to comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, including, but not limited to, the requirements regarding the use or investment of the proceeds of the Note and the rebate requirements in Section 148(f) of the Code.

Under the laws of the Commonwealth of Pennsylvania, this Note and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on this Note or the interest thereon. Profits, gains or income derived from the sale, exchange or other disposition of this Note are subject to state and local taxation.

The Note is subject to optional redemption prior to maturity at any time in whole or in part at a redemption price equal to 100% of the principal amount being redeemed plus interest accrued on the portion being redeemed from the Dated Date to the date of redemption.

The Note is subject to mandatory sinking fund redemption on the dates and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount being redeemed plus interest accrued on the portion being redeemed from the Dated Date to the date of redemption:

[insert mandatory sinking fund payment schedule]

The Notes are secured under the Resolution by the pledge of, security interest in and a lien and charge on the taxes and other revenues of the County specified in the Resolution to be received during the period when the Note are outstanding, together with all proceeds thereof. Such pledge, security interest, lien and charge have been perfected and are enforceable in the manner provided by the Act.

This Note may be exchanged, and its transfer may be effected, only by the Registered Owner hereof in person or by his/her/its duly authorized custodian in writing. Upon such exchange and registration of such transfer, the County shall immediately issue a new registered note of the same series, maturity and interest rate for the same aggregate principal amount will be issued in exchange therefor and deliver the same to the new Registered Owner per his/her/its delivery instructions.

It is hereby certified that all actions required by the Act to be taken to render this Note valid and obligatory have been duly taken pursuant to the Act, that all acts, conditions and

things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed precedent to and in the authorization and issuance of this Note exist, have happened and have been performed in regular and due form and manner and as required by law; and that all existing indebtedness of the County is within every limitation prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the County has caused this Note to be executed by the Chair of Council of the County, its seal to be hereunto affixed and the same to be attested by the Clerk of Council of the County.

(SEAL)

COUNTY OF LUZERNE, PENNSYLVANIA

By: \_\_\_\_\_

Chair

Attest: \_\_\_\_\_

Clerk

**ASSIGNMENT FOR TRANSFER**

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within note on the books kept for registration thereof, with full power or substitution in the premises.

Date:

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within note as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

[END FORM OF NOTE]

EXHIBIT "C"

PROPOSAL

**TERMS OF PROPOSAL**

I, a duly authorized officer of PNC Bank, National Association, do hereby certify in connection with the above-described Note that the attached Proposal was duly made and delivered to the Local Government Unit not later than the date of adoption of the Resolution and that its exact Terms are:

Interest Rate: 2.489%

Principal Amount: up to \$17,000,000

Price: Par

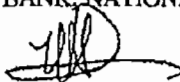
Dated: January 4, 2019 \*

Maturity Date: June 30, 2019

Early Redemption or Prepayment: Permitted in accordance with the Purchase Proposal

Origination Fee: \$0  
Legal Review Fee: \$1,500

PNC BANK, NATIONAL ASSOCIATION



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Print Name: Michael Deenen  
Authorized Officer

\* This proposal is conditioned on the following:

- a) PNC's internal credit approval subsequent to the receipt of the most recent financial information as well as the cash flow calculation supporting this request.
- b) Repayment of all outstanding tax and revenue anticipation notes for 2018 prior to funding this Note.
- c) A settlement on or about January 4, 2019 unless otherwise waived by the Purchaser.

LUZERNE COUNTY, PENNSYLVANIA

PROPOSAL

FOR PURCHASE OF  
TAX AND REVENUE ANTICIPATION NOTE,  
SERIES OF 2019

PNC Bank, National Association (the “**Purchaser**”) hereby offers to purchase, and Luzerne County (the “**County**”), hereby agrees, by adoption of a proper awarding Resolution (the “**Resolution**”), to sell, its Tax and Revenue Anticipation Note, Series of 2019 (the “**Note**”), dated January 4, 2019, in the principal amount of \$17,000,000.00, bearing interest at the tax free rate of 2.489% per annum, with principal and interest payable on June 30, 2019.

The Note will have the further terms and provisions as contained in the Resolution, the attached Terms of Proposal, and in this Proposal.

Upon at least five (5) business days prior written notice to the Purchaser, the County has the right to prepay all or part of the outstanding principal and interest on the Note. Notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the County (whether voluntary, on default or otherwise), the Purchaser may require, if it so elects, the County to pay the Purchaser as compensation for the cost of being prepaid an amount equal to the Cost of Prepayment. “**Cost of Prepayment**” means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) “Selected Interest Rates.” For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Cost of Prepayment shall also apply to any payments made after acceleration of the maturity of the Note.

If the County fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of the Note within 15 calendar days of the date due and payable, the County also shall pay to the Purchaser a late charge equal to the lesser of five percent (5.00%) of the amount of such payment or \$100.00 (the “**Late Charge**”). Such fifteen-day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Purchaser’s option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, the Note shall bear interest at a rate per annum (based on a year of 360 days and actual days elapsed) which shall be equal to the rate stated in the Terms, plus three percent (3.00%) but not more than the maximum rate allowed by law (the “**Default Rate**”). The Default Rate shall continue to apply whether or not judgment shall be entered on the Note. Both the Late Charge



and the Default Rate are imposed as liquidated damages for the purposes of defraying the Purchaser's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Purchaser's exercise of any rights and remedies thereunder, or under applicable law, and any fees and expenses of any agents or attorneys which the Purchaser may employ. In addition, the Default Rate reflects the increased credit risk to the Purchaser of carrying a loan that is in default. The County agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Purchaser, and that the actual harm incurred by the Purchaser cannot be estimated with certainty and without difficulty.

All notice, filing and legal fees incurred in connection with the issuance and sale of the Note, as provided in the Resolution or as contemplated by this Proposal, if any, shall be paid by the County.

If a "Determination of Taxability" (as defined in the Note) shall occur, the Note shall thereafter bear interest at an annual rate (the "**Taxable Rate**") which shall be the Prime Rate of PNC Bank, National Association, such Taxable Rate to change as of the dates of changes in the Prime Rate without notice to the County; the County will pay to the Purchaser on demand the difference between the amount of interest which the Purchaser would have received in interest at the Taxable Rate if the indebtedness evidenced by the Note had borne interest at the Taxable Rate during the entire period that interest on the Note is so declared, determined or required to be taxable, together with such penalties and interest, if any, due and payable because of non-payment of Federal income taxation less interest paid at the rate stated in the Terms of Proposal notwithstanding that the indebtedness evidenced by the Note may have been paid in full prior to such declaration or determination. In the event of any such declaration or determination, the Purchaser shall promptly give written notice of the same to the County who shall have the privilege of contesting such declaration or determination in the name of the Purchaser by any available administrative or judicial proceedings, provided that it does so at its own expense and pays all costs, interest and/or penalties resulting therefrom. In the event that any such declaration or determination is reversed pursuant to the entry of a final determination, order, ruling or decree, all amounts theretofore paid to the Purchaser in excess of the rate stated in the Terms of Proposal shall be promptly refunded to the County and the rate of interest shall revert to the rate stated in the Terms of Proposal.

The occurrence of any of the following events shall be deemed an Event of Default under the Note:

(a) Default in the payment of principal or interest on the Note for a period in excess of fifteen (15) days or any other default under the terms of the Note; or

(b) Default in the performance of any covenant or agreement set forth in the Resolution or in the Note or the occurrence of a default under any other agreement between the County and the Purchaser; or

(c) Any representation or warranty made by the County is untrue or incomplete in any material respect or any schedule, statement, report, warranty, representation, notice or

writing furnished by the County pursuant to the Resolution is untrue or incomplete in any material respect on the date as of which the facts set forth are stated or certified; or

(d) The County shall fail or refuse to comply with any provisions of the County Debt Act, or shall for any reason be rendered incapable of fulfilling its obligations under the Note or thereunder; or

(e) The County shall become insolvent or shall be unable to pay its debts as they mature, or the County shall cease operations, file a voluntary petition in bankruptcy or a voluntary petition seeking reorganization or to effect a plan or other arrangement with creditors, or shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition pursuant to any Act of Congress relating to bankruptcy, or shall be the subject of any order for relief, or shall make an assignment for the benefit of creditors or make an assignment to an agent (authorized to liquidate any substantial amounts of the assets of the County), or shall apply for or consent to or suffer the appointment of a receiver or trustee for the County or a substantial part of its property; or

(f) An order for relief shall be entered pursuant to an Act of Congress or any law of the Commonwealth of Pennsylvania relating to bankruptcy with respect to an involuntary petition seeking reorganization of, or an order shall be entered appointing any receiver or trustee for, the County or a substantial part of its property, or a writ or warrant of attachment or any similar process shall be issued against a substantial part of the property of the County, or an order shall be entered at either the state court level enjoining or preventing the County from conducting all or any part of its business as it is usually conducted, or garnishment proceedings shall be instituted by attachment, levy or otherwise, against any deposit balance maintained, or any property deposited, with the Purchaser by the County.

Upon the occurrence of an Event of Default specified in clause (e) or (f) above, the outstanding principal balance and accrued interest under the Note, together with any additional amounts payable thereunder shall be immediately due and payable without demand and without notice of any kind, at the Purchaser's option. Further, at the Purchaser's option, the Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default, and the Purchaser may exercise from time to time any of the rights and remedies available under the Resolution or under applicable law.

As conditions precedent to the obligation of the Purchaser to purchase the Note, the County shall prepare and deliver, or cause to be prepared and delivered, the following documents, all in form and substance satisfactory to the Purchaser:

1. A duplicate original of the filing with the Department of Community and Economic Development of the Commonwealth of Pennsylvania, with attached thereto true and correct copies of the Note, the Resolution, this Proposal and a Certificate as to Taxes and Revenues to be Collected, and accompanied by a Filing Receipt.

2. The properly completed and executed Closing Receipt acknowledging receipt of the Purchase Price (less costs and expenses) by the County.

3. Opinions of the Solicitor for the County and Bond Counsel, respectively, each dated the date of delivery of and payment for the Note to the effect that the proceedings for the authorization and issuance of the Note have been duly and properly taken; that the Note has been duly and properly executed; that the Note is a valid and binding obligation of the County, enforceable in accordance with its terms; and that interest on the Note is exempt from federal and Pennsylvania state income taxation.

4. An original Note duly executed and delivered.
5. A properly completed UCC Financing Statement.
6. A properly completed and executed IRS Form 8038-G with respect to the Note.
7. Such other documents and instruments as required by the Purchaser.

DULY EXECUTED by an authorized officer of the Purchaser as of the date of adoption of the Resolution by means of the signature set forth in the Terms of Proposal.