

RESOLUTION R-2019-124
LUZERNE COUNTY COUNCIL

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES OF 2020 IN THE PRINCIPAL AMOUNT NOT TO EXCEED SIXTEEN MILLION DOLLARS (\$16,000,000); 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 "C" 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, 2020, 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, 2020, 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, 2020 (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 2020, in the principal amount not to exceed Sixteen Million Dollars (\$16,000,000) 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, 2020 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 2020,” shall be issued as a physical certificate in registered form, without coupons, shall be in the principal amount not to exceed Sixteen Million Dollars (\$16,000,000), 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, 2020 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 2020, 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 note" or "private activity note" 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 note" or "private activity note" 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 3RD DAY OF DECEMBER, 2019, BY THE COUNCIL OF THE COUNTY OF LUZERNE, PENNSYLVANIA, IN LAWFUL REGULAR SESSION DULY ASSEMBLED.

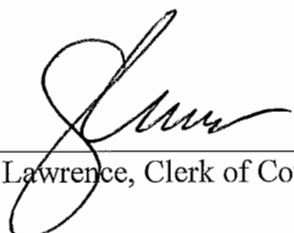
ROLL CALL VOTE (10-1)

YES: Bilbow, Haas, Houck, McGinley, Morelli, Perry, Saidman, Schnee, Vough and Waitkus

NO: SA Urban

LUZERNE COUNTY COUNCIL

By: 
Tim McGinley, Chair

Attest: 
Sharon Lawrence, Clerk of Council

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 2020

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 2020, 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, 2020.

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 2020 fiscal year during the period when the Note will be outstanding is not less than \$124,702,250 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.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have set their hands as of December 3, 2019.

COUNTY OF LUZERNE, PENNSYLVANIA

By: _____
Tim McGinley, Chair

By: _____
Sharon Lawrence,
Clerk of County Council

EXHIBIT "A"

CASH FLOW CALCULATION WORKSHEET

County of Luzerne, Pennsylvania
 Cumulative Cash Flow Deficit Calculation for Fiscal Year Ending December 31, 2020

A	B	C	D	E	F	
Month	Opening Balance	Estimated Receipts	Estimated Disbursements	Month Surplus/(Deficit)	Cumulative Surplus/(Deficit)	
January	2,500,000	964,000	10,460,630	-9,496,630	-6,996,630	Highest 2020 Projected Deficit (\$16,484,780)
February	-6,996,630	1,614,000	11,102,150	-9,488,150	-16,484,780	Less: Working Capital Reserve
March	-16,484,780	32,810,750	13,276,500	19,534,250	3,049,470	Expenditures through 11/30/2019 117,588,580
April	3,049,470	61,181,250	10,439,000	50,742,250	53,791,720	5% (5,879,429)
May	53,791,720	14,561,000	18,014,219	-3,453,219	50,338,501	Maximum Allowable 2020 TAN (\$22,364,209)
June	50,338,501	13,571,250	16,841,564	-3,270,314	47,068,187	
Total	47,068,187	124,702,250	80,134,063			

EXHIBIT "B"

R-1

\$ __,000,000

COUNTY OF LUZERNE, PENNSYLVANIA
TAX AND REVENUE ANTICIPATION NOTE,
SERIES OF 2020

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
%	June __, 2020	January __, 2020

REGISTERED OWNER: [MANUFACTURERS AND TRADERS TRUST COMPANY]

PRINCIPAL SUM: _____ MILLION DOLLARS

The County of Luzerne, Pennsylvania (the "County"), for value received, hereby promises to pay to the Registered Owner hereof on the Maturity Date set forth above, the principal sum of _____ MILLION DOLLARS (\$ __,000,000), together with interest on said sum computed at the annual rate of two and four hundred eighty-nine one-thousandths of one percent (____%) (on a 30/360 day basis) payable on the Maturity Date or upon earlier redemption, subject to the further provisions of this Note specified below and the "Commitment Letter" issued by the Registered Owner (collectively, the "Commitment"), a copy of which is attached hereto as Exhibit A, the terms and conditions of which are incorporated herein in their entirety as if fully set forth herein. 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 2020, in the aggregate principal amount of \$ __,000,000 (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 3, 2019 (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 rate as provided in the Commitment.

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 prepayment in accordance with the terms of the Commitment.

[If a Determination of Taxability (as defined below) shall occur, this Note shall bear interest at the Taxable Rate (as defined in the Proposal) for all periods thereafter so long as such Determination of Taxability continues to exist.

A "Determination of Taxability" means a final determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on the Note is or was includable in the holder's gross income for federal income tax purposes.

The holder hereof will afford the County the opportunity, at the County's sole cost and expense, to contest any action or event constituting a Determination of Taxability, including, without limitation, (i) the validity of any legislation which causes the interest on the Note not to be excludable from the gross income for federal income tax purposes; (ii) the validity of any opinion of nationally recognized bond counsel that interest on the Note is includable in the gross income for federal income tax purposes; or (iii) any challenge to the validity of the tax exemption with respect to the interest on the Note, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals). In order for the County to exercise its right to contest set forth herein, the County shall, on demand, immediately reimburse the holder hereof for any and all expenses (including reasonable attorneys' fees for services that may be required or desirable, in the reasonable judgment of the holder hereof) that may be incurred with any such contest, and shall, on demand, immediately reimburse the holder hereof for any and all penalties or other charges payable by the holder hereof for failure to include such interest in its gross income. The taxable rate shall become effective immediately upon the

occurrence of a Determination of Taxability and shall apply during the pendency of any contest or appeal by the County. If the appeal or contest results in a reversal of the Determination of Taxability, the rate of interest shall revert to the Interest Rate stated on the face of this instrument and the holder hereof shall repay to the County the excess amount of interest or other amounts paid by the County on account of such Determination of Taxability.]

The Note is 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 is 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.

Certain events shall be deemed an Event of Default. Events of Defaults and Remedies are defined and described in the Commitment and incorporated herein by reference.

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 and for the same aggregate principal amount as the note to be exchanged and deliver the same to the new Registered Owner per his/her/its delivery instructions.

Whenever the due date for payment of interest on or principal of this Note shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, a Sunday, a legal holiday or a day upon which such banking institutions are authorized or required by law to close, with the same force and effect as if made on the due date for payment of principal, interest or redemption price and no interest shall accrue on the amount due for any period after such due date.

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



Manufacturers and Traders Trust Company
Government Banking
60 Public Square, 5th Floor
Wilkes Barre, PA 18701
(570) 821-7156 Fax (570) 821-8639
Email: rmcgowan@mtb.com
Ryan McGowan, Vice President

December 3, 2019

Mr. Brian Swetz
200 N River Street
Wilkes-Barre, PA 18711

Attn: Melissa Hughes-PFM-FA for the County of Luzerne

RE: 2020 Tax and Revenue Anticipation Note-Commitment Letter

Dear Mr. Swetz:

Thank you for allowing M&T Bank (the "Bank") the opportunity to provide you a quote for the 2020 Tax and Revenue Anticipation Note for the County of Luzerne (the "Borrower").

The attached summary includes only a brief description of the principal terms of the proposed financing.

The settlement of the proposed Credit Facilities is subject to several conditions. After receiving the County's concurrence, the Bank will seek internal credit approval of the transaction. Upon Bank approval, definitive Note Documents will be prepared. This letter is subject to the statutory and other requirements by which M&T Bank is governed.

- 1) Amount of Note
For up to \$16,000,000.00
- 2) Term of Note
Funding-January 2, 2020-All funds will be distributed at closing
Maturity-June 30, 2020
- 3) Type of Note
Tax and Revenue Anticipation Note-Tax-Exempt, Non-Bank Qualified-Fully Drawn at Closing
- 4) Purpose
To provide cash flow relief for the County of Luzerne during the early parts of 2020.
- 5) Rate of Interest Per Annum
The Note shall (subject to the following terms) bear interest on the outstanding principal balance at a Non-Bank Qualified tax-exempt rate (30/360-day basis). The interest rate will be equal to the non-bank qualified tax-exempt equivalent fixed rate of the 6 month LIBOR Rate (1.93750%) plus 0.2600%. Therefore, the rate adjusted to the non-bank qualified tax-exempt fixed interest rate will be 1.7580% for the entire duration of the note.

Disclosure Regarding the Availability of LIBOR. Borrower acknowledges and understands that(i) (USD) LIBOR is established, issued and regulated by third parties, and that its continuing existence and ongoing viability as a source and basis for establishing contractual interest rates is entirely outside the control of M&T Bank, (ii) regulatory agencies in the United States and worldwide have advised that LIBOR may be discontinued after 2021,

or possibly sooner, (iii) in order to address the possibility of LIBOR discontinuance, the terms of any proposed loan(s) referenced herein may include provisions (modeled after recommendations issued by the Federal Reserve's Alternative Reference Rates Committee, or otherwise) that contemplate the replacement of LIBOR as a basis for establishing the applicable interest rate for such loans, and (iv) should the actual discontinuance of LIBOR occur, any replacement index may be materially different than LIBOR, and necessitate substantive changes (arising from such differences) to the manner in which the applicable interest rate for the proposed loan(s) are calculated and applied. Notwithstanding the above, Borrower has knowingly and voluntarily requested and/or accepted a LIBOR pricing proposal from M&T Bank, accepting any inherent risks associated with the utilization and any subsequent discontinuance of LIBOR.

If an Event of Default occurs, the interest rate on the unpaid principal shall immediately be automatically increased to five (5) percentage points per year above the otherwise applicable rate per year, and any judgment entered hereon or otherwise in connection with any suit to collect amounts due hereunder shall bear interest at such default rate.

If interest payable on the note is determined at any point during the term of the loan to not be "Tax-Exempt" or it is determined that the note served as an arbitrage note under Federal Law, the note will reset to its taxable equivalent rate, and the Borrower will pay to the bank the difference between the amount of interest which the bank should have received at the "Taxable Rate" and the actual amount of interest paid. The Borrower will also pay any and all interest and penalties assessed.

6) Repayment Terms

All principal and accrued interest will be due at maturity on June 30, 2020.

7) Security

The Note shall be general credit obligations of the County, and, together with any other tax and revenue anticipation notes issued, or to be issued, by the County during the County's fiscal year ending on December 31, 2020, shall, upon issuance thereof, be equally and ratably 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.

8) Covenants

The Borrower will be required to submit to the bank its financial reports within 180 days from the close of the borrower's fiscal year.

The borrower shall have delivered to M&T Bank, sufficiently in advance of closing, all documentation and other information required by M&T Bank in accordance with all applicable banking laws and regulations in effect from time to time, including, without limitation, the USA PATRIOT Act. Any failure by Borrower or any necessary third party to deliver to M&T Bank, in a timely manner, any material information requested, or any misrepresentation or inaccuracy with respect to any such information received, or if M&T's Bank due diligence reveals that opening the accounts contemplated herein would potentially violate M&T's Bank regulatory compliance policies or applicable law, shall permit M&T Bank, in its sole discretion, to withdraw and/or cancel this financing proposal/offer without liability, and retain all fees.

9) Conditions

The Borrower will provide the approved 2020 budget in a timely fashion to M&T Bank. Any questions or concerns M&T Bank has with the 2020 budget will be addressed prior to the closing.

The Borrower will provide verification the 2019 Tax and Revenue Anticipation is paid in full prior to closing on the 2020 Tax and Revenue Anticipation Note.

10) Deposit Relationship

The Borrower shall agree to discuss a depository account with the Bank while the note is outstanding.

11) Prepayment Privileges

Borrower will have the option to prepay any portion of the outstanding principal of the note outstanding at any time without penalty.

12) Fees and Expenses

The origination fee will be \$25,000.00 for this financing.

If closing does not take place, all costs and expenses shall be payable upon demand. The borrower agrees to indemnify the bank against any and all claims caused by the County's negligence, which may be incurred in connection with this borrowing.

13) Preparation of Documents

The bank shall be listed as "Manufacturers and Traders Trust Company" in all documentation prepared by the borrower's legal counsel and have the following delivered to the Bank at least seven days prior to closing for document review:

- Original Executed Commitment Letter
- Original Executed Tax and Revenue Anticipation Note
- Original Executed Authorizing Resolution
- Original Executed Secretary's Certificate
- Certification of Tax and Revenue to be collected during the term of the note
- Original Executed Legal Opinion Letter as noted
- Internal Revenue Service Form 8038G as required
- Evidence of appropriate DCED filing

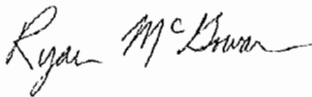
In addition, an opinion of legal counsel shall be delivered in a form satisfactory to the bank evidencing the fact that this borrowing is non-bank qualified tax-exempt under all applicable laws of the Commonwealth of Pennsylvania and the United States of America; that this note is not an Arbitrage Bond; the Borrower is a valid and binding obligation of the Borrower

On behalf of Manufacturers and Traders Trust Company, we are pleased to be of assistance to the County of Luzerne on the 2020 Tax and Revenue Anticipation Note.

During turbulent economic periods, M&T Bank remains focused on its community banking roots. We recognize the importance to reliability, accuracy, and responsiveness to the County of Luzerne. Our commitment to our customers is unwavering during this challenging economic environment.

Should you have any questions, please do not hesitate to contact me at 570-821-7156.

Sincerely,



Ryan McGowan
Government Banking Division
Vice President

County of Luzerne:

Signature of Authorized Officer

Title of Signer

Date