

COUNTY OF LUZERNE, PENNSYLVANIA

RESOLUTION R-2016-02

PASSED January 4, 2016

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTES, SERIES OF 2016 IN THE PRINCIPAL AMOUNT OF EIGHTEEN MILLION DOLLARS (\$18,000,000); PROVIDING FOR THE DATED DATE, INTEREST RATE, MATURITY DATE, PAYMENT AND PLACE OF PAYMENT IN RESPECT OF THE NOTES; ACCEPTING THE PROPOSALS ATTACHED HERETO AS EXHIBIT "B" FROM THE FINANCIAL INSTITUTIONS OR ENTITIES NAMED THEREIN FOR THE PURCHASE OF THE NOTES; NAMING A SINKING FUND DEPOSITARY/PAYING AGENT; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO EXECUTE AND DELIVER THE NOTES 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 THE FORM OF THE NOTES.

WHEREAS, the County of Luzerne, Pennsylvania (the "County"), anticipates receiving taxes and other revenues during the fiscal year ending December 31, 2016, 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, 2016, 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 notes 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 acceptable proposals for the purchase of its Tax and Revenue Anticipation Notes 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, 2016 (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 County Council 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 Notes, Series of 2016, in the principal amount of Eighteen Million Dollars (\$18,000,000) substantially in the form attached hereto as Exhibit "B" (the "Notes") in anticipation of the receipt of taxes and revenues to be received during the fiscal year ending December 31, 2016 as provided in the Certificate, such Notes to be issued, sold and delivered as hereinafter provided.

Section 2. The Chair or Vice-Chair of County Council, attested by the Clerk of County Council, 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 Proposals (hereinafter defined) for the purchase of the Notes, all as set forth in and required by Section 8128 of the Debt Act. The Chair or Vice-Chair of County Council, attested by the 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 Purchasers of the Notes 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 Notes, 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 Notes 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 Notes shall be designated "County of Luzerne, Pennsylvania, Tax and Revenue Anticipation Notes, Series of 2016", shall be issued as physical certificates in registered form, without coupons, shall be in the denominations of One Hundred Thousand Dollars (\$100,000), shall be dated the date of issuance, shall bear interest at the rate of interest set forth in the Proposals, from the date of delivery until maturity, shall mature on June 30, 2016, and shall be payable as to principal and interest at the place and in the manner and be otherwise in substantially the form set forth in the Form of Note attached as Exhibit "B" hereto and the Proposals attached as Exhibit "C" hereto. The Notes shall not be subject to redemption prior to maturity.

Section 4. The Notes shall be executed by the Chair or Vice-Chair of County Council, shall have the corporate seal of the County affixed thereto, and shall be duly attested by the Clerk of County Council. The Chair or Vice-Chair of County Council is further authorized and directed to deliver the Notes to the Purchasers hereinafter named upon the terms and conditions hereinafter provided in the Proposals and the Notes, and to execute and deliver such other documents and instruments (including a Sinking Fund Depositary/Paying Agent Agreement between Manufacturers and Traders Trust Company (the "Paying Agent") and the County (the "Paying Agent Agreement")), attested to by the Clerk of County Council, and to take such other

action as may be necessary or appropriate to effect the issuance and sale of the Notes in accordance with this Resolution, the Debt Act, the Proposals and the Notes, and as required by Bond Counsel (as defined below).

Section 5. The Notes, when issued, will be a general obligation of the County. The Notes shall, upon issuance thereof, be 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 Notes are outstanding; and the Chair or Vice-Chair of County Council 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 to the registered owner(s) of the Notes (collectively, the "Holders") that it will not make any use of the proceeds of the Notes or do or suffer any other action which, if such use or action had been reasonably expected on the date of issuance of the Notes, would cause the Notes to be "arbitrage bonds" or "private activity bonds" 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 Notes, 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 County Council, attested by the Clerk of County Council, 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 LLP, as Bond Counsel ("Bond Counsel"), may reasonably request to provide its opinion that the Notes are not "arbitrage bonds" or "private activity bonds" within the meaning of Section 148 and Section 141 of the Code and the regulations applicable thereto.

Section 7. The formal proposals (the "Proposals") of the Note purchasers identified therein (the "Purchasers"), presented to the Council and attached hereto as Exhibit "C", are hereby accepted and the Notes are hereby awarded to the Purchasers at a private sale for the aggregate purchase price of \$18,000,000. The terms of the Proposals are incorporated herein by reference with the same effect as if set forth in full at this place. The Chair or Vice-Chair of County Council, attested by the Clerk of County Council, is hereby authorized and directed to, accept the Proposals, in the name of and on behalf of the County, by executing the County's acceptance on an original copy of the Proposals, to deliver a fully executed and completed copy of the same to the Purchasers and to file the originals with the records of the County. The Chair or Vice-Chair of County Council is hereby authorized to deliver the Notes to the Purchaser or the Purchaser's custodian per the settlement directions of the Purchasers for delivery to Purchasers upon receipt of the full principal amount of the purchase price for such Notes and in compliance with all conditions precedent to such delivery as required by the Debt Act, this Resolution, the Proposals and the Notes; and such Chair or Vice-Chair of County Council, attested by the Clerk of County Council, is hereby authorized and directed to prepare, verify and deliver to the Purchasers concurrently with the delivery of the Notes, 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 Notes have 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 it 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 Notes as specified to the County in the Proposals and such other changes as the Chair or Vice-Chair of County Council may approve upon advice of the Solicitor of the County, such approval to be evidenced by such officer's execution and delivery of the Notes.

Section 9. The proper officers of the County are hereby authorized, empowered and directed to contract with a bank or bank or trust company authorized to do business in the Commonwealth of Pennsylvania (the "Paying Agent") for its services as paying agent and sinking fund depository in accordance with the terms of the Proposals, this Resolution and the Debt Act, to be evidenced by the Paying Agent Agreement. The proper officers of the County are hereby authorized to establish a sinking fund for the Notes with the Paying Agent under the Paying Agent Agreement for the benefit of the holder of the Notes. The County Director of Budget and Finance or other proper officer of the County is hereby authorized and directed to make deposits to the Paying Agent into the sinking fund to be held for the payment of principal and interest on the Notes as provided in the Notes. All costs, fees and expenses of the Paying Agent shall be the sole liability of the County and the Paying Agent shall have no recourse to the funds held in the sinking fund or against the Holders of the Notes.

The Paying Agent shall, without further authorization or direction from the County or any of its officials, withdraw moneys from the sinking fund and apply such moneys to the payment of principal and interest when due on the Notes. Deposit by the County into the sinking fund of the amount of good funds necessary to pay the Notes in full shall satisfy in full the obligation of the County to pay principal and interest with respect to the Notes.

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 Notes, including the execution and delivery of any and all additional documents, representations, declarations, note purchase agreements, placement agent 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 LLP is hereby appointed Bond Counsel in connection with the issuance and sale of the Notes. Citigroup Global Markets Inc. is hereby appointed as placement agent in connection with the sale of the Notes (the "Placement Agent").

Section 12. 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 Notes, all costs and expense of the issuance incurred by or on behalf of the County or required to be paid by the County (including all expenses of Bond Counsel, Paying

Agent and Placement Agent), all in accordance with the provisions of the Proposals. All such expenses incurred in connection with issuance of the Notes shall be paid out of the proceeds derived from the issuance of the Notes and the Chair or Vice-Chair of County Council is authorized to approve requests for payment of such expenses and to direct the Purchaser to pay such expenses from the proceeds of the Notes.


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 Notes and incorporated therein by reference and enforceable by the Holders of the Notes.

[The remainder of this page intentionally left blank]

DULY ADOPTED, THIS 4TH DAY OF JANUARY, 2016, BY COUNTY COUNCIL OF THE COUNTY OF LUZERNE, PENNSYLVANIA, IN LAWFUL REGULAR SESSION DULY ASSEMBLED.

COUNTY OF LUZERNE, PENNSYLVANIA


Chair, County Council


Clerk of County Council

(SEAL)

ROLL CALL VOTE (10-0)

YES: Brominski, Dobash, Haas, Kelleher, McGinley, Schnee, Sorokas, Waitkus, Williams, and Houck

EXHIBIT "A"

CERTIFICATE

COUNTY OF LUZERNE, PENNSYLVANIA
\$18,000,000 Tax and Revenue Anticipation Notes,
Series of 2016

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 proposed authorization by the County of its Tax and Revenue Anticipation Notes, Series of 2016, in a principal amount of \$18,000,000 (the "Notes"), which will be issued not earlier than January 11, 2016:

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

Section 2. The Notes will be outstanding for a period ending no later than June 30, 2016.

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 2016 fiscal year during the period when the Notes will be outstanding is not less than \$109,286,500 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 January 4, 2016.

COUNTY OF LUZERNE, PENNSYLVANIA


Chair, County Council


Clerk of County Council

(SEAL)

CASH FLOW CALCULATION WORKSHEET

County of Luzerne, Pennsylvania
 Cumulative Cash Flow Deficit Calculation for Fiscal Year Ending December 31, 2016

A	B	C	D	E	F
Month	Opening Balance	Estimated Receipts	Estimated Disbursements	Month Surplus/(Deficit)	Cumulative Surplus/(Deficit)
January	8,500,000	1,000,000	22,850,630	-21,850,630	-13,350,630
February	-13,350,630	5,025,000	13,029,000	-8,004,000	-21,354,630
March	-21,354,630	29,190,500	8,648,500	20,542,000	-812,630
April	-812,630	52,363,500	8,029,000	44,334,500	43,521,870
May	43,521,870	12,391,000	14,941,069	-2,550,069	40,971,801
June	40,971,801	9,316,500	11,213,564	-1,897,064	39,074,737
Total	8,500,000	109,286,500	78,711,763		(21,354,630)

EXHIBIT "B"

FORM OF NOTE

R-1

\$ _____

COUNTY OF LUZERNE, PENNSYLVANIA
TAX AND REVENUE ANTICIPATION NOTES,
SERIES OF 2016

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
3.375%	JUNE 30, 2016	JANUARY 11, 2016

REGISTERED OWNER: _____

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 THREE AND THREE HUNDRED SEVENTY FIVE THOUSANDTHS PERCENT (3.375%) (based on a 30-day month and 360 day year) payable on the Maturity Date. Both the principal of and interest on this Note shall be payable in lawful money of the United States of America through the office of Manufacturers and Traders Trust Company (the "Paying Agent") in Harrisburg, Pennsylvania, under the Sinking Fund Depository/Paying Agent Agreement between the County and the Paying Agent of even date herewith (the "Paying Agent Agreement"), by the Paying Agent's wire transfer of immediately available funds to an account designated by the Registered Owner(s).

This Note is one of the Tax and Revenue Anticipation Notes, Series of 2016, in the aggregate principal amount of \$18,000,000 (the "Notes"), 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 January 4, 2016 (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(s) of the Notes under the Act, to all of which the Registered Owner(s) 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, the Resolution or the Paying Agent Agreement 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 acceleration, specific performance, 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 200 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 not subject to optional redemption prior to maturity at any time in whole or in part.

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 Notes 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. In no event shall the County pledge, grant a security interest, lien or charge on such taxes and revenues while the Notes are outstanding without the prior written consent of the Registered Owner(s).

Though the offering of the Notes is not subject to the requirements of SEC Rule 15c2-12, the County hereby agrees that it will treat the Notes as if the Notes were included in the definition of "Bonds" in the County's Continuing Disclosure Agreement dated May 28, 2015 (the "Disclosure Agreement"), and will provide notice of any Listed Events (as defined in the Disclosure Agreement) that occur with respect to the Notes pursuant to the Disclosure Agreement as if the Notes were included in the definition of Bonds contained therein. The sole remedy for the failure of the County to provide any required notice is an action to compel performance.

The County has covenanted that it will deposit in the sinking fund for the Notes

established by the Resolution with the Paying Agent such amounts as will be sufficient to pay the principal of and interest on the Notes as and when the same shall become due and payable, and such sinking fund shall be applied by the Paying Agent exclusively to such purpose.

This Note may be exchanged, and its transfer may be effected, only by the Registered Owner(s) hereof in person or by his/her/its duly authorized custodian in writing at the designated corporate trust office of the Paying Agent per the terms of the Paying Agent Agreement. Upon such exchange and registration of such transfer, the Paying Agent 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 Notes 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 County Council, its seal to be hereunto affixed and the same to be attested by the Clerk of County Council.

(SEAL)

COUNTY OF LUZERNE, PENNSYLVANIA

By: Linda M. Crosby Hrusch
Chair

Attest: [Signature]
Clerk

AUTHENTICATION CERTIFICATE

This Note is one of the County of Luzerne, Pennsylvania, Tax and Revenue Anticipation Notes, Series of 2016, described in the within mentioned Resolution.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Paying Agent

Date of Authentication:

By: _____
Authorized Signer

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