

CITY OF COATESVILLE
CHESTER COUNTY, PENNSYLVANIA

ENACTED June 13, 2016

AUTHORIZING AND DIRECTING THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF ITS GENERAL OBLIGATION NOTE OF THE CITY OF COATESVILLE, CHESTER COUNTY, PENNSYLVANIA, IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO \$3,911,000 FOR THE PURPOSES OF PROVIDING FUNDS FOR (1) CAPITAL RENOVATIONS AND IMPROVEMENTS FOR THE PURPOSE OF REDUCING ENERGY USE FOR CITY FACILITIES; (2) RENOVATIONS AND ADDITIONS TO COATESVILLE CITY HALL; AND (3) PAYING THE COSTS OF ISSUING THE NOTE; DIRECTING THE PROPER OFFICERS OF THE GOVERNING BODY TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND BORROWING BASE CERTIFICATE; COVENANTING THAT THE CITY SHALL INCLUDE THE AMOUNT OF ANNUAL DEBT SERVICE IN ITS BUDGET FOR EACH FISCAL YEAR; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE; SETTING FORTH THE STATED PRINCIPAL AND INTEREST PAYMENT DATES, REDEMPTION PROVISIONS, PLACE OF PAYMENT AND OTHER DETAILS OF THE NOTE; STATING A COVENANT AS TO PAYMENT OF PRINCIPAL AND INTEREST WITHOUT DEDUCTION FOR CERTAIN TAXES; PROVIDING FOR THE EXECUTION OF THE NOTE; AWARDING THE NOTE AT PRIVATE SALE AND STATING THAT SUCH PRIVATE SALE IS IN THE BEST FINANCIAL INTEREST OF THE CITY; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITARY; ESTABLISHING A SINKING FUND; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE CITY TO CERTIFY AND TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT CERTIFIED COPIES OF THE NECESSARY PROCEEDINGS; COVENANTING THAT THE PROCEEDS OF THE NOTE SHALL NOT BE USED IN SUCH A MANNER AS TO CAUSE THE NOTE TO BE AN ARBITRAGE BOND UNDER FEDERAL TAX LAW PROVISIONS; MAKING CERTAIN TAX REPRESENTATIONS AND DESIGNATING THE NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION"; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE CITY TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE GOVERNING BODY TO PAY ISSUANCE COSTS; AND REPEALING ALL INCONSISTENT ORDINANCES.

The City Council (the "Governing Body") of the City of Coatesville, Chester County, Pennsylvania, a Third Class City operating by means of a Home Rule Charter (the "City"), pursuant to the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), hereby ORDAINS AND ENACTS as follows:

Section 1. Incurrence of Debt; Amount and Purpose of Note. The Governing Body of the City hereby authorizes and directs the incurring of non-electoral debt through the issuance of its General Obligation Note, Series of 2016 (the "Note") of the City in an aggregate principal amount of up to \$3,911,000 to provide funds for (1) capital renovations and improvements for the purpose of reducing energy use for City facilities; (2) renovations and additions to Coatesville City Hall; and (3) to pay the costs of issuing the Note (the "Project"). Realistic cost estimates were obtained by the City through actual bids or estimates from persons qualified by experience as required by Section 8006 of the Act.

Section 2. Realistic Estimated Remaining Useful Life of Project. The realistic estimated useful life of the Project is hereby declared to be at least 15 years.

Section 3. Debt Statement and Borrowing Base Certificate. The President or Vice President of the Governing Body and the Secretary of the City are hereby authorized and directed to prepare and certify a Debt Statement required by Section 8110 of the Act and a Borrowing Base Certificate.

Section 4. Covenant to Pay Note. It is covenanted with the registered owner from time to time of the Note that the City shall (i) include the amount of the debt service for the Note for each fiscal year in which such sums are payable in its budget for that year, (ii) appropriate such amounts from its general revenues for the payment of such debt service, and (iii) duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds the principal of, and the interest on, the Note at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the City pledges its full faith, credit and taxing power. As provided by the Act, this covenant shall be specifically enforceable.

Section 5. Form of Note. The Note shall be substantially in the form set forth in Exhibit "A" hereto, subject only to such changes as may be necessary to conform to the Form of Proposal accepted by Section 9 hereof or as counsel may recommend and the President or Vice President of the Governing Body may approve, such approval to be conclusively evidenced by execution thereof.

Section 6. Description of Note; Maturity Schedule. The Note shall be in fully registered form in the amount of up to \$3,911,000, shall be dated as of the date of issue, or such other date as the Purchaser, as hereinafter defined, shall specify, shall bear interest at the rate of 2.76% from the date and at the rate provided herein, until maturity, all as set forth in the form of Note attached hereto as Exhibit A and made a part hereof, and shall mature in 15 years.

Interest will be payable semi-annually and principal will be payable annually as described in Exhibit A, and all unpaid principal and accrued interest thereon shall be due and payable in full on the maturity date.

The Note is subject to redemption prior to maturity at the option of the City, as a whole or in part, on such date, upon payment of the principal amount to be redeemed together with accrued interest thereon to the date fixed for prepayment and without any premium or penalty, all as more particularly set forth in Exhibit A hereto.

The stated maturities of the Note have been fixed in compliance with Section 8142(b)(1) of the Act.

Section 7. Paying Agent, Sinking Fund Depository and Registrar; Payment of Principal and Interest without Deduction for Taxes. The proper officers of the City are hereby authorized and directed to contract with Branch Banking and Trust Company whose proposal has been accepted by the City (the "Purchaser" and the "Paying Agent) for its services as sinking fund depository, paying agent and registrar with respect to the Note and Branch Banking and Trust Company is hereby appointed to act in such capacities with respect to the Note.

The principal of and interest on the Note shall be payable when due in lawful money of the United States of America at the office of the Paying Agent by automatic deduction from the Sinking Fund established by Section 10 hereof or such other place or manner as the Paying Agent may designate in writing to the City.

If the date for payment of the principal of, and interest on, the Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal or redemption price of, and interest on, the Note are payable without deduction for any tax or taxes, except gift, succession, franchise, excise or inheritance taxes, now or hereafter levied or assessed thereon under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the City assumes and agrees to pay.

Section 8. Execution of Note. The Note shall be executed by the President or Vice President of the Governing Body of the City and shall have the corporate seal of the City affixed thereto, duly attested by the Secretary or Assistant Secretary of the City, or in either of their absences, by any two members of the Governing Body, and the said officers are hereby authorized and directed to execute the Note in such manner. If any officer whose signature appears on the Note shall

cease to hold such office before the actual delivery date of such Note, such signature shall nevertheless be valid and sufficient for all purposes as if such person had remained in such office until the actual delivery date of such Note. The President or Vice President of the Governing Body (or such other authorized officer of the City) is hereby authorized and directed to deliver, or cause to be delivered, the Note to the purchaser thereof against the full balance of the purchase price therefor.

Section 9. Manner of Sale; Award of Note. The Governing Body of the City after due deliberation and investigation has found that a private sale by negotiation is in the best financial interest of the City and based upon such finding the Governing Body of the City hereby awards the Note, at private sale, to the Purchaser, upon the terms set forth herein and in the Purchaser's commitment letter, a copy of which shall be filed with the debt proceedings herein authorized. The Note shall be purchased at a bid price of \$3,911,000 or the face amount of the borrowing, if lower.

Section 10. Sinking Fund for Note; Appropriation of Annual Amounts for Payment of Debt Service. The City covenants that it shall establish and maintain a sinking fund for the City designated as "City of Coatesville, Series of 2016 Note Sinking Fund" (the "Sinking Fund") to be held by the Paying Agent (or such substitute or successor Paying Agent which shall hereafter be appointed in accordance with the provisions of the Act) in the name of the City, but subject to withdrawal only by the Paying Agent and into which there shall be paid, when and as required, all moneys necessary to pay the debt service on the Note, and the Sinking Fund shall be applied exclusively to the payment of the interest and principal covenanted to be paid upon the Note and to the principal thereof at maturity or prior redemption and to no other purpose whatsoever, except as may be authorized by law, until the same shall have been fully paid.

Pending application to the purposes for which the Sinking Fund is established, the President, Vice President or Treasurer of the Governing Body is hereby authorized and directed to cause the moneys therein to be invested or deposited and insured or secured as permitted and required by Section 8224 of the Act. All income received on such deposits or investments of moneys in the Sinking Fund during each applicable period shall be added to the Sinking Fund and shall be credited against the deposit next required to be made in the Sinking Fund.

The Paying Agent is hereby authorized and directed, without further action by the City, to pay by automatic deduction from the Sinking Fund the principal of and interest on the Note as the same becomes due and payable in accordance with the terms hereof, and the City hereby covenants that such moneys, to the extent required, will be applied to such purposes.

All moneys deposited in the Sinking Fund for the payment of the Note which have not been claimed by the owner thereof after two years from the date payment is due, except where such moneys are held for the payment of outstanding checks, drafts or other instruments of the Paying Agent, shall be returned to the City.

Nothing contained herein shall relieve the City of its liability to the holder of an unrepresented Note.

In each of the fiscal years 2016 through 2031, the amounts set forth in the schedule prepared by the Purchaser, which schedule is attached hereto and incorporated herein (but subject to change depending upon the issue date and the principal amount of the Note), shall be pledged to pay the debt service on the Note, and such amounts are annually hereby appropriated to the Sinking Fund for the payment thereof.

Section 11. Debt Proceedings. The Secretary of the City is hereby authorized and directed to certify to and file with the Pennsylvania Department of Community and Economic Development in accordance with the Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder, including the debt statement and borrowing base certificate referred to hereinabove, and to pay the filing fees necessary in connection therewith.

Section 12. Tax Covenants, Representations and Designations. The City hereby covenants that:

(i) The City will make no use of the proceeds of the Note during the term thereof which would cause such Note to be "arbitrage Bonds" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and will comply with the requirements of all Code sections necessary to ensure that the Note is described in Code section 103(a) and not described in Code section 103(b) throughout the term of the Note;

(ii) In order to ensure that the registered owner of the Note, if it is a financial institution, will not be subject to certain provisions of the Code as a result of acquiring and carrying the Note, the City hereby designates the Note as a "qualified tax-exempt obligation," within the meaning of Code section 265(b)(3)(B), and the City hereby covenants that it will take such steps as may be necessary to cause the Note to continue to be an obligation described in such Code section during the period in which the Note is outstanding. The City represents that it has not issued, and does not reasonably anticipate issuing, tax-exempt obligations which, when combined with the Note, will result in more than \$10,000,000 of tax-exempt obligations being issued in the calendar year in which the Note is issued. For purposes only of the foregoing sentence, the term "tax-exempt obligations" shall include any "qualified 501(c)(3) bond," as defined in Code section 145, but shall not include any other "private activity bond," as defined in Code section 141(a), any obligation which would be an "industrial development bond" or a "private loan bond" as defined in sections 103(b)(2) and 103(o)(2)(a) of the Internal Revenue Code of 1954, as amended, but for the fact that it is issued pursuant to section 1312, 1313, 1316(g) or 1317 of the Tax Reform Act of 1986, or any obligation issued to currently refund any obligation to the extent the amount thereof does not exceed the outstanding amount of the refunded obligation.

CITY OF COATESVILLE
COUNTY OF CHESTER, PENNSYLVANIA

CERTIFICATE OF SECRETARY

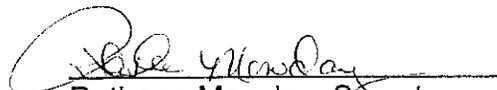
The undersigned, Secretary of the City Council of the City of Coatesville, HEREBY CERTIFIES that:

1. The foregoing Ordinance authorizing the issuance and sale of its General Obligation Note, Series of 2016 of the City of Coatesville, was duly moved and seconded and enacted by a majority vote of all the members of the City Council of said City at a duly called and convened public meeting of said Council held on June 13, 2016; that public notice of said meeting was given as required by law; and that the roll of the City Council was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Linda Lavender-Norris, President	<u>yes</u>
Marie Lawson, Vice President	<u>yes</u>
Joseph Hamrick	<u>yes</u>
Carmen Green	<u>not present</u>
C. Arvilla Hunt	<u>yes</u>
Ingrid W. Jones	<u>yes</u>
Edward Simpson	<u>not present</u>

2. Said Ordinance has not been altered, amended, modified, or suspended and is still in full force and effect as of the date of the delivery of this Certificate.

WITNESS my hand and seal of the City of Coatesville as of June 13, 2016.


Ruthann Mowday, Secretary

SEAL

EXHIBIT "A"

SPECIMEN

\$3,911,000

**CITY OF COATESVILLE
CHESTER COUNTY, PENNSYLVANIA
GENERAL OBLIGATION NOTE, SERIES OF 2016**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
2.76% (tax free)	November 1, 2031	_____, 2016

REGISTERED OWNER: Branch Banking and Trust Company

PAYMENTS

The City of Coatesville, Chester County, Pennsylvania (the "Issuer"), a Pennsylvania political subdivision existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of the Registered Owner named above or registered assigns, semi-annual installments of interest beginning May 1, 2017 and on the 1st day of November and May thereafter in each of the years 2017 through November 1, 2031 and annual payments of principal beginning November 1, 2017 and on the 1st day of November thereafter through November 1, 2031 in the amount shown on the attached schedule, concluding on the Maturity Date specified above, unless this Note shall have been previously called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for. The Issuer shall pay such installments based on the total principal sum of \$3,911,000 at the annual Interest Rate as set forth above, computed on the basis of a 360 day year comprised of 12 30-day months, at the times and in the manner hereinafter provided.

AUTHORITY FOR ISSUANCE

This Note is issued in accordance with the provisions of the Pennsylvania Local Government Unit Debt Act, as amended, 53 Pa.C.S. Chs. 80-82 (the "Act") and by virtue of an Ordinance of the Governing Body of the Issuer duly enacted June 13, 2016 (the "Ordinance"). The Ordinance shall constitute a contract between the Issuer and the Registered Owner, from time to time, of this Note.

The proceedings pursuant to which the Issuer has been authorized to issue this Note and incur the indebtedness evidenced thereby have been duly authorized and approved by the Pennsylvania Department of Community and Economic Development, a copy of such Approval being delivered to the Registered Owner contemporaneously herewith. Such approval is in full force and effect, and the Issuer has not received notice (constructive or actual) of the commencement or threatened commencement of any proceedings to revoke or rescind such approval, or any proceedings by any party to challenge the authority of the Issuer to execute and deliver this Note or to incur the indebtedness evidenced by this Note.

INTEREST PAYMENTS

Interest on this Note shall be payable, as billed by the Registered Owner, at the rate of 2.76% per annum on the outstanding balance of principal.

PLACE OF PAYMENTS

The principal of and interest on this Note shall be payable by automatic debit of the Issuer's account or at the office of Branch Banking and Trust Company (the "Paying Agent"), in Hurricane, West Virginia, or other location as directed by the Registered Owner, in lawful money of the United States of America.

PREPAYMENT PREMIUM

This Note may be prepaid prior to maturity, as a whole on a scheduled payment date at any time after 7 ½ years from the date of issuance. No prepayment shall be permitted during the first 7 ½ years of the term of this Note.

ISSUER CERTIFICATIONS

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the Issuer, is not in excess of any applicable limitation imposed by the Act upon the incurring of the debt of the Issuer which is evidenced by this Note, and (iii) the Issuer has designated this Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

ISSUER COVENANTS AS TO DEBT SERVICE

The Issuer has covenanted, in the Ordinance, to and with the Registered Owner, from time to time, of this Note, that the Issuer: (i) shall include the amount of the debt service for this Note, for each fiscal year of the Issuer in which such sums are payable,

in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues, for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal of this Note and the interest hereon at the dates and place and in the manner stated herein, according to the true intent and meaning hereof; and, for such budgeting, appropriation and payment, the Issuer has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the Issuer shall be specifically enforceable.

SINKING FUND FOR DEBT SERVICE

The Issuer, in the Ordinance, has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for the disbursement thereof. The Issuer has covenanted, in the Ordinance, to make payments out of such sinking fund by automatic debit or out of any other of its revenues or funds, at such times and in such annual amount, as shall be sufficient for prompt and full payment of all obligations of this Note.

RESTRICTION ON TRANSFER

This Note is transferable by any registered owner in person or by his attorney duly authorized, in writing, at the principal office of the Paying Agent, but only upon notation of such registration hereon and on the records of the Issuer to be kept for that purpose at the designated office of the Paying Agent by a duly authorized representative of the Paying Agent acting in behalf of the Issuer. The Issuer and the Paying Agent may deem and treat the person, from time to time, in whose name this Note shall be registered as the absolute owner hereof for the purpose of receiving payment hereof and of interest due hereon, and for all other purposes.

PAYMENTS ON HOLIDAYS OR WEEKENDS

If the date for payment of the principal or redemption price of, and interest on this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the designated office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

COVENANT AS TO TAXES

The principal or redemption price of, and interest on, this Note are payable without deduction for any tax or taxes, except gift, succession, franchise, excise or inheritance taxes, now or hereafter levied, or assessed thereon under any present or

future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Issuer assumes and agrees to pay.

NO RECOURSE

No recourse shall be had for the payment of the principal or redemption price of, or interest on, this Note, or for any claim based hereon or on the Ordinance, against any director, member, officer or employee, past, present, or future, of the Issuer or of any successor body, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such directors, members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Note.

The Issuer's obligations hereunder shall be binding upon the Issuer and the Issuer's successors and assigns. This Note shall inure to the benefit of the Registered Owner, its successors and assigns.

FINANCIAL INFORMATION

During the term that any principal amount of this Note remains outstanding, the Issuer shall deliver to the Registered Owner annual audited financial statements of the Issuer when available and such other information, from time to time, as the Registered Owner may reasonably request.

IN WITNESS WHEREOF, the City of Coatesville, Chester County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and in its behalf by the manual signature of the President or Vice-President of the Governing Body and the official seal of the Issuer to be affixed hereto and the manual signature of the Secretary or Assistant Secretary of the City to be affixed hereto in attestation thereof, all as of the _____ day of _____, 2016.

CITY OF COATESVILLE

Attest:

SPECIMEN ONLY NOT FOR EXECUTION

Secretary

By: _____
President, City Council

[SEAL]

PRINCIPAL PAYMENT SCHEDULE

DATE	PRINCIPAL
11/1/2017	\$2,000
11/1/2018	\$233,000
11/1/2019	\$239,000
11/1/2020	\$246,000
11/1/2021	\$252,000
11/1/2022	\$260,000
11/1/2023	\$267,000
11/1/2024	\$274,000
11/1/2025	\$282,000
11/1/2026	\$289,000
11/1/2027	\$297,000
11/1/2028	\$305,000
11/1/2029	\$313,000
11/1/2030	\$322,000
11/1/2031	\$330,000
Total	\$3,911,000

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF BRANCH BANKING AND TRUST COMPANY, THE PAYING AGENT, ACTING AS REGISTRAR, IN BEHALF OF THE WITHIN NAMED ISSUER.

Date of Registry	Name of Registered Owner	Registrar (Authorized Representative)
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ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned, hereby sells, assigns and transfers unto

_____ (the "Transferee")
Name

Address

Social Security or Federal Employer Identification No. _____ the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

NOTICE: No transfer will be made in the name of the Transferee unless the signature(s) to this assignment correspond(s) with the name(s) appearing upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Identification Number and date of the trust and the name of the trustee must be supplied.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution that is a participant in a Securities Transfer Association recognized signature guaranteed program.

Section 13. Incidental Actions. The proper officers of the City are hereby authorized, directed and empowered on behalf of the City to execute any and all agreements, papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the purposes of this Ordinance and payment of costs of issuance.

Section 14. Inconsistent Ordinances. All ordinances or parts of ordinances inconsistent herewith be and the same hereby are repealed, canceled and annulled.

Section 15. Effective Date. This Ordinance shall take effect on the earliest date permitted by the Act.

ENACTED AND ORDAINED this 13th day of June, 2016.

CITY OF COATESVILLE

[SEAL]

By: 
Linda Lavender-Norris
President, City Council

Attest:

By:


Michael T. Trio, City Manager