

**CITY OF COATESVILLE
CHESTER COUNTY, PENNSYLVANIA
Resolution No. 2012-03**

Tax and Revenue Anticipation Note
Authorizing and Awarding Resolution

AUTHORIZING THE ISSUANCE AND SALE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES OF 2012, OF THE CITY OF COATESVILLE IN AN AGGREGATE PRINCIPAL AMOUNT OF \$947,000.00; ESTABLISHING THE TERMS, CONDITIONS AND FORM OF SUCH NOTE, ACCEPTING A PROPOSAL TO PURCHASE THE NOTE; PROVIDING SECURITY AND ESTABLISHING A SINKING FUND FOR THE NOTE; AUTHORIZING CERTAIN OFFICIALS TO EXECUTE AND DELIVER THE NOTE AND TO PREPARE AND FILE CERTAIN CERTIFICATES AND OTHER PROCEEDINGS; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the City of Coatesville, Chester County, Pennsylvania (the "City") anticipates the receipt during the 2012 fiscal year of taxes and other revenues as yet uncollected; and

WHEREAS, based on monthly estimates of its expected taxes, revenues and expenditures for the upcoming fiscal year, the City anticipates that its cash on hand at certain times during such fiscal year may temporarily be reduced to undesirably low levels; and

WHEREAS, the City is authorized, pursuant to the Local Government Unit Debt Act, as codified by the Act of December 19, 1996, P.L. 1158, No. 177 (the "Act"), to borrow money from time to time in any fiscal year in anticipation of the receipt of current taxes and other revenues and to evidence such borrowing by the issuance and sale of tax and revenue anticipation notes; and

WHEREAS, Coatesville Savings Bank (the "Purchaser"), has submitted a proposal to purchase the City's tax and revenue anticipation note in the aggregate principal amount of \$947,000.00; and

WHEREAS, the City desires by the adoption of this Resolution to accept such proposal and authorize the issuance and sale of its tax and revenue anticipation note in accordance with the Act.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Coatesville, Chester County, Pennsylvania as follows:

1. The City hereby authorizes the issuance of its Tax and Revenue Anticipation Note, Series of 2012, in an aggregate principal amount of \$947,000.00 (the "Series "Note"), in anticipation of the receipt of current taxes and revenues in the 2012 fiscal year.

2. The Note shall be issued as a registered note, in the denomination of \$947,000.00, shall be dated the date of its issuance, and mature on June 30, 2012 or December 31, 2012 at the election of the City, and shall bear interest (calculated on the basis of a 360-day year and the

actual number of days elapsed) at a fixed rate of interest of two and fifty hundredths percent (2.50%) if the maturation date is June 30, 2012 and at a fixed rate of interest of two and seventy five hundredths percent (2.75%) if the maturation date is December 31, 2012. The Note shall be substantially in the form attached hereto as Exhibit A with such changes as the President shall deem appropriate.

3. The principal of and interest on the Note shall be payable at maturity, in lawful money of the United States of America at the office of Coatesville Savings Bank, in Coatesville, Pennsylvania, which is hereby appointed paying agent and registrar for the Note and sinking fund depository and is hereinafter called the "Paying Agent."

4. The Note may be prepayable in whole or in part, together with interest accrued on the amount prepaid, at any time at the option of the City prior to maturity without penalty.

5. The proposal of the Purchaser heretofore presented to the Council this day to purchase the Note at a price of par (the "Note Purchase Proposal") is hereby accepted, confirmed and approved, and the Note is hereby awarded to the Purchaser. In the event the sale is a negotiated sale, the Council hereby finds and determines, on the basis of all information available to the Council, that a private sale of the Note by negotiation is in the best financial interest of the Borough.

6. Any officer of the City is hereby authorized and directed to notify the Purchaser of the Borough's acceptance of the Note Purchase Proposal, to execute such acceptance on a duplicate original thereof, to deliver the same to the Purchaser and to file the original of the Note Purchase Proposal with the records of the Borough.

7. The Note shall be a general obligation of the City and shall be equally and ratably secured by the pledge hereby of, security interest in, and a first lien and charge on, the taxes and other revenues to be received by the City during the period the Note will be outstanding, together with all proceeds thereof. Such pledge, lien and charge shall be fully perfected as against the Borough, all its creditors and all third parties from and after the filing of appropriate financing statements in accordance with the Uniform Commercial Code and Section 8125 of the Act. The execution and filing of such financing statements are hereby authorized and directed.

8. The City hereby establishes a sinking fund for the Note to be held by the Paying Agent in the name of the City but subject to withdrawal only by the Paying Agent. The City covenants and agrees to deposit in said sinking fund not later than June 30, 2012 or December 31, 2012 (depending upon the interest rate elected by the City as identified in paragraph 2 above, the principal of and interest on the Note due on June 30, 2012 or December 31, 2012). The Paying Agent shall, without further authorization, withdraw moneys from the sinking fund and apply such moneys to the payment of the principal of and interest on the Note.

9. The President or Vice President of Council is hereby authorized and directed to execute in the name of, on behalf of, and under the seal of, the Borough, the Note in the form and containing the terms described above, and the Secretary or Assistant Secretary of the City is hereby authorized and directed to attest the same. Such officers are hereby authorized and directed to deliver the Note to the Purchaser upon receipt of the proceeds thereof and upon compliance with all conditions precedent to such delivery required by the Act, this Resolution

and the Note Purchase Proposal. Immediately upon receipt of the purchase price for the Note, the President or Vice President of Council or the City Manager is authorized to make disbursements to pay the financing costs incurred in conjunction with the issuance of the Note.

10. The President and Secretary of the City have been authorized and directed to prepare a Certificate as to Taxes and Revenues to be Collected (the "Certificate") and a calculation of the maximum anticipated cumulative cash flow deficit (the "Cash Flow Calculation Worksheet"), each of which, if prepared and submitted to the Council in accordance with Sections 8122 and 8126 of the Act and in accordance with United States Treasury Regulations, respectively, is hereby approved.

11. It is hereby determined that the aggregate principal amount of the Note does not exceed the lesser of: (i) eighty-five percent (85%) of the sum of the taxes and revenues to be collected or received in the 2012 fiscal year during the period when the Note will be outstanding as estimated by the President and Secretary of the City in the Certificate; or (ii) the maximum anticipated cash flow deficit of the City for the 2012 fiscal year, as reported by the President and Secretary of the City in the Cash Flow Calculation Worksheet.

12. The President or Vice President of Council and the Secretary or Assistant Secretary of the City are hereby authorized to certify to the Purchaser at the time of delivery of the Note that the amount of the Note to remain outstanding will not exceed the limitations of Section 8122 of the Act. A copy of such certificate shall be retained by the City until maturity of the Note.

13. The City covenants to comply with the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (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 Series Note and the rebate requirements in Section 148(f) of the Code.

14. The City hereby represents and warrants, after due investigation and to the best of its knowledge, that (i) the City is a governmental unit with general taxing powers; (ii) the Note is not "a private activity bond" within the meaning of Section 141 of the Code; (iii) ninety-five percent (95%) or more of the net proceeds of the Note is to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and (iv) the aggregate face amount of all tax-exempt obligations (other than "private activity bonds") issued or to be issued by the City and all other entities which must be aggregated with it pursuant to the Code during the 2012 calendar year, including the Note, is not reasonably expected to exceed \$5,000,000.00. The City hereby authorizes the proper officers of the City to execute a certificate to that effect at the time of closing.

The City hereby further represents and warrants, after due investigation and to the best of its knowledge, that (i) the Note is not "a private activity bond" within the meaning of Section 141 of the Code; (ii) the aggregate face amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code (which includes qualified 501(c)(3) bonds but not any other private activity bonds) issued or to be issued by the City and all other entities which must be aggregated with it pursuant to the Code in the 2012 calendar year, including the Note, is not reasonably expected to exceed \$10,000,000.00. The City hereby designates the Note as a

"qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code (relating to the disallowance of the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry tax-exempt obligations). The City hereby authorizes the proper officers of the City to execute a certificate to that effect at the time of closing. Therefore, the City expects that only twenty percent (20%) of the interest deduction for indebtedness incurred by bank, thrift institutions and other financial institutions to purchase or carry the Note will be denied under Sections 265(b)(1) and 291(e)(1)(B) of the Code.

15. The President or Vice President of the Council and the Secretary or Assistant Secretary of the City are hereby authorized and directed to cause certain documents and proceedings in connection with the authorization, issuance and sale of the Note (including certified copies of this Resolution and the Certificate and a true copy of the Note Purchase Proposal) to be filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania in accordance with Section 8128 of the Act.

16. The City hereby warrants to the Purchaser, its successors and assigns, that it has not encumbered or pledged its anticipated tax receipts or other revenues for the 2012 fiscal year and further covenants that, except for outstanding current operating expenses incurred for the current fiscal year, for the payment of which the Note is being issued and sold, it will not, as long as the principal of or interest on the Note shall remain unpaid, incur any further obligations against such tax receipts or other revenues ranking prior to or on a parity with the Note without the prior written consent of the Purchaser.

17. The City Manager as well as the appropriate officers of the City are hereby authorized and directed to execute all documents and to perform all other actions necessary or desirable for the valid issuance, sale and delivery of the Note in accordance with the Act, the aforesaid proposal of the Purchaser and the provisions of this Resolution.

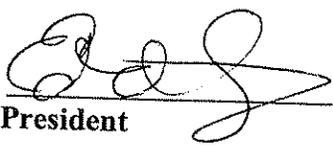
18. All resolutions or parts of resolutions heretofore adopted to the extent that the same are inconsistent in any manner herewith are hereby repealed.

19. This Resolution shall take effect immediately.

20.

DULY ADOPTED, the Council of the City of Coatesville, this third day of January, 2012.

**CITY OF COATESVILLE
CHESTER COUNTY, PENNSYLVANIA**

BY: 
President

ATTEST:
BY: 
Secretary/City Manager (SEAL)

EXHIBIT "A"
FORM OF NOTE

No. TRN-1

\$947,000.00

CITY OF COATESVILLE
CHESTER COUNTY, PENNSYLVANIA
UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA

TAX AND REVENUE ANTICIPATION NOTE -- SERIES OF 2012

City of Coatesville, Chester County, Commonwealth of Pennsylvania (the "Issuer"), for value received, hereby promises to pay to Coatesville Savings Bank (the "Bank"), the registered owner hereof, the sum of Nine Hundred Forty-Seven Thousand Dollars (\$947,000.00), on the 30th day of June, 2012 or December 31, 2012 at the election of the City, together with interest on said sum from the 10th day of January, 2012, until maturity (at the annual rate of two and fifty hundredths percent (2.50%) if maturation date is June 30, 2012 and at a fixed rate of interest of two and seventy-five hundredths percent (2.75%) if maturation is December 31, 2012 and based on a 360-day year compromised of twelve (12) 30-day months). Both the principal of and interest on this Note shall be payable in such coin or currency as at the place and at the time of payment shall be legal tender for the payment of public and private debts in the United States (or by instrument payable in immediately available legal tender as aforesaid), at the office of Coatesville Savings Bank (the "Sinking Fund Depository"), in Coatesville, Pennsylvania.

This Note is the Tax and Revenue Anticipation Note, Series of 2012, authorized and issued in the aggregate principal amount of Nine Hundred Forty-Seven Thousand Dollars (\$947,000.00) (the "Note"), in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, (P.L. 1158, No. 177), as amended (the "Act"), and pursuant to a resolution adopted on January 3, 2012, by the governing body of the Issuer (the "Resolution") and filed, together with other required documents with the Pennsylvania Department of Community and Economic Development. Reference is to the Act and the Resolution for a complete statement of the rights and limitations of rights of holders of the Note, to all of which the holder hereof by acceptance of this Note assents.

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 Issuer from the date of original delivery of the Note to the stated maturity date thereof.

This Note is equally and ratably secured with all other Note issued under the Resolution by the pledge of, security interest in and a lien and charge on the taxes and other revenues of the Issuer specified in the Resolution to be received during the period when the Note is outstanding. Such pledge, security interest, lien and charge have been perfected and are enforceable in the manner provided by the Act. The Note is a general credit obligation of the Issuer.

The Issuer covenants that it will deposit in the sinking fund for the Note established by

the Resolution with the Sinking Fund Depository the taxes and other revenues collected in amounts which will be sufficient to pay the principal of and interest on all notes issued pursuant to the Resolution as and when the same shall become due and payable, and such sinking fund shall be applied exclusively to such purpose.

The Issuer covenants that it will not make any use of the proceeds of the Note or do or suffer any other action which would cause the Note to be an "arbitrage bond" as such term is defined in Section 148 of the Internal Revenue Code of 1986, as amended, and all applicable regulations thereunder (the "Code").

This Note may be prepayable in whole or in part, together with interest accrued on the amount prepaid, at any time at the option of the Issuer prior to maturity without penalty.

In the Resolution, the Issuer has designated the Note as a "qualified tax exempt obligation," within the meaning of, and in accordance with, Section 265(b) of the Code.

All acts, conditions and things required to be done or performed precedent to and in the issuance of this Note or in the creation of the obligation of which this Note is evidence have been done and performed as required by law.

IN WITNESS WHEREOF, the City of Coatesville, Chester County, Pennsylvania, has caused this Note to be signed in its name and on its behalf by the signature of the President of Council of the City of Coatesville, and its seal to be hereunto impressed, duly attested by the signature of the Secretary, this 10th day of January, 2012.

**CITY OF COATESVILLE
CHESTER COUNTY, PENNSYLVANIA**

By: 

President

Attest: 

Secretary/City Manager (SEAL)