

**CITY OF COATESVILLE  
CHESTER COUNTY, PENNSYLVANIA  
Resolution No. 2016-27**

**Tax and Revenue Anticipation Note  
Authorizing and Awarding Resolution**

AUTHORIZING THE ISSUANCE AND SALE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES OF 2017, OF THE CITY OF COATESVILLE IN AN AGGREGATE PRINCIPAL AMOUNT OF \$1,100,000.00; 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 2017 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, Manufacturers and Traders Trust Company (the "Purchaser"), has submitted a proposal to purchase the City's tax and revenue anticipation note in the aggregate of \$1,100,000.00;

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 2017, in an aggregate principal amount of \$1,100,000.00 (the "Note"), in anticipation of the receipt of current taxes and revenues in the 2017 fiscal year.

2. The Note shall be issued as a registered note, in the denomination of \$1,100,000.00, shall be dated January 3, 2017 (the "Date of Closing") and mature on June 30,

2017, shall bear interest (calculated on a 365/360 day basis ) at a fixed rate equal to the tax exempt equivalent of the 6 Month London Interbank Offering Rate on the Date of Closing. 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 M & T Bank, of Wilkes-Barre, 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 not be prepayable in whole or in part prior to maturity.

5. The proposal of the Purchaser presented to the Council this day to purchase the Note at a price of par (the "Note Purchase Proposal") is hereby accepted 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 City.

6. Any officer of the City is hereby authorized and directed to notify the Purchaser of the City'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 City.

7. The Note shall be a general obligation of the City and shall be equally and ratably secured by the pledge 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 City, 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, 2017, the principal of and interest on the Note due on June 30, 2017. 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 City, the Note in the form and containing the terms described above, and the Secretary or Assistant Secretary or Treasurer 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 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 City 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 2017 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 2017 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 2017 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 2016 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 2017 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 appropriate officers of the City are hereby authorized and directed 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.

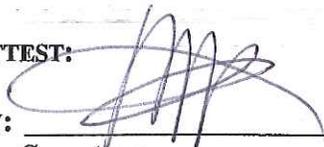
18. All resolutions or parts of resolutions heretofore adopted to the extent that the same are inconsistent in any manner herewith are hereby repealed.

19. This Resolution shall take effect immediately.

DULY ADOPTED, the Council of the City of Coatesville, this 12th day of December, 2016.

**CITY OF COATESVILLE  
CHESTER COUNTY, PENNSYLVANIA**

BY: *Janet Sommer House*  
President

ATTEST:   
BY: Secretary (SEAL)

**EXHIBIT "A"**  
**FORM OF NOTE**

No. TRN-1

\$1,100,000.00

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

**TAX AND REVENUE ANTICIPATION NOTE -- SERIES OF 2017**

City of Coatesville, Chester County, Commonwealth of Pennsylvania (the "Issuer"), for value received, hereby promises to pay to Manufacturers and Traders Trust Company (the "Bank"), the Bank hereof, the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00), on the 30<sup>th</sup> day of June, 2017, together with interest on said sum from the 3<sup>rd</sup> day of January, 2017, until maturity (at the annual rate of \_\_\_\_\_ (%)) and based on the actual number of days elapsed over a 360-day year. 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 Manufacturers and Traders Trust Company (the "Sinking Fund Depository" or the "Bank"), in Wilkes-Barre, Pennsylvania.

This Note is the Tax and Revenue Anticipation Note, Series of 2017, authorized and issued in the aggregate principal amount of One Million One Hundred Thousand Dollars (\$1,100,000.00) (the "Note"), in accordance with the provisions of the Issuer 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 December 12, 2016, 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").

On and after the occurrence of a Determination of Taxability (defined below), principal and interest shall continue to be due and payable as provided above, provided that interest shall accrue at the rate of interest determined in this paragraph. If a Determination of Taxability shall occur, the rate of interest applicable on this Note shall be equal to the lesser of (a) a rate which the Bank would customarily charge on a commercial loan of a similar nature as of the date of such Determination of Taxability, or (b) an annual rate of interest which more accurately reflects the actual tax burden on the Bank resulting from such Determination of Taxability. The Bank or such other registered owner shall calculate the new rate of interest described above. The Bank shall submit written calculations of such new rate of interest in reasonable detail to the Issuer for review.

Notwithstanding the prepayment of repayment of this Note, the Issuer also promises to pay, within fifteen (15) days after written notice from the Bank: (i) additional interest, if any, in an amount that, together with the interest actually received for the period commencing upon an Event of Taxability or the date of issuance, whichever is appropriate, and ending on the date of Determination of Taxability, shall equal interest calculated on the various outstanding principal balances under this Note during such period at the Taxable Rate, (ii) any deficiency (as defined in Section 6211 of the Internal Revenue Code of 1986, as amended (the "Code") assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is includable in the gross income of the registered owner hereof under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability, and (iii) all other interest (if any), lost deductions, charges, costs, fees, penalties or assessments paid or payable by the Bank, which may be retroactive to the date of issuance of the Note, resulting from a Determination of Taxability. The Bank shall not have an obligation to contest a Determination of Taxability.

"Determination of Taxability" means the first to occur of the following events: (i) the date on which the Issuer determined that an Event of Taxability (hereinafter defined) has occurred by filing with the Bank a statement to that effect supported by one or more tax schedules, returns or documents that disclose that such an Event of Taxability has occurred; (ii) the date on which the Issuer is advised by private ruling, technical advice or other written communication from any authorized official of the Internal Revenue Service that, based upon any filings of the Issuer or any other person or entity, or upon any review or audit of the Issuer or any other person or entity, or upon any other grounds whatsoever, an Event of Taxability has occurred; (iii) the date on which the Issuer is advised that a court of competent jurisdiction has issued a final, non-appealable order, declaration, ruling or judgment to the effect that an Event of Taxability has occurred; (iv) the date the Issuer shall have received written notice from any owner of the Note that such owner has received a written assertion or claim by any authorized

official of the Internal Revenue Service that any Event of Taxability has occurred; or (v) the date the Issuer is notified that the Internal Revenue Service has issued any private ruling, technical advice or any other written communication, with or to the effect that an Event of Taxability has occurred; provided, however, that (vi) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred unless the Issuer shall have received a written opinion of Georgeadis || Setley, Wyomissing, Pennsylvania, or other national recognized bond counsel satisfactory to the Bank and not unsatisfactory to the Issuer, and in form and substance satisfactory to the Bank and not unsatisfactory to the Issuer, to the effect that an Event of Taxability has occurred; and (vii) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred until ninety (90) days shall have elapsed from the dates described in the clauses (i), (ii), (iii), (iv) or (v) above without such Determination of Taxability having been suspended, rescinded or cancelled.

“Event of Taxability” means a change of law or regulations, or the interpretation thereof, or the occurrence of any other event or the existence of any other circumstances (including without limitation the fact that any representations or warranties of the Issuer made in connection with the issuance of the Note is or was untrue or that a covenant of the Issuer has been breached) that has the effect of (a) causing more interest payable on the Note to be taken into account by “financial institutions” (as defined in Section 265(b) of the Code) for purposes of determining the allocation of interest expenses to tax-exempt interest under Sections 265(b)(1) and (2) of the Code than is currently required to be taken into account on the date of issuance of this Note or (b) causing interest payable on the Note to be includable in gross income for federal income purposes under Section 103 of the Code.

This Note shall not be prepayable, in whole or in part, prior to maturity.

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.

In the event of a default hereunder, the interest rate payable upon the principal amount of this Note outstanding, and on any other amounts payable in connection herewith including any judgment, shall automatically increase by 5.0% per year.

So long as the Bank is the registered owner of this Note, within 180 days from the end of the Issuer’s fiscal year, the Issuer shall submit to the Bank the Issuer’s financial statements.

All acts, conditions and things require 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 3rd day of January, 2017.

**CITY OF COATESVILLE  
CHESTER COUNTY, PENNSYLVANIA**

By: *Luinda Lancaster*  
President

Attest:   
Secretary (SEAL)

**REGISTRATION RECORD**

Date of Registration	Name of Bank	Registrar (Registered By Authorized Representative of Paying Agent)
January 3, 2017	Manufacturers and Traders Trust Company	

**ASSIGNMENT**

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells,  
assigns and transfers unto

\_\_\_\_\_  
Name (the "Transferee")

\_\_\_\_\_  
Address

Social Security or Federal Employer Identification 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 of  
substitution in the premises.

Date: \_\_\_\_\_

NOTICE: No transfer will be issued in the name of  
the Transferee unless the signature(s) to this  
assignment correspond(s) with the name as it  
appears upon the fact 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 Employer  
Identification Number and date of the trust, and the  
name of the trustee should be supplied.

**CITY OF COATESVILLE  
CHESTER COUNTY, PENNSYLVANIA  
\$1,100,000 Tax and Revenue Anticipation Note,  
Series of 2017**

**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 City of Coatesville (the "City") DO HEREBY CERTIFY as follows in connection with the proposed issuance by the City of its Tax and Revenue Anticipation Note, Series of 2017, in an aggregate principal amount of \$1,100,000 (the "Note"):

1. This Certificate is given as of a date not more than thirty (30) days prior to the authorization, by resolution, of the City of the issuance and sale of the Note.
2. The Note will be outstanding for a period ending no later than June 30, 2017.
3. The undersigned have carefully estimated that the aggregate amount of moneys to be received by the City from taxes presently levied and assessed, or anticipated to be levied and assessed, and other revenues to be received (including subsidies and reimbursements) in the 2017 fiscal year during the period when the Note will be outstanding is, as follows:

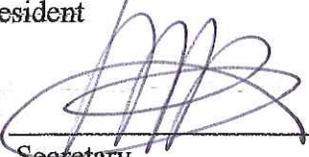
January	\$ 310,000.00
February	\$ 900,000.00
March	\$ 600,000.00
April	\$1,100,000.00
May	\$ 900,000.00
June	\$ 600,000.00

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

IN WITNESS WHEREOF, the undersigned have set their hands this 12<sup>th</sup> day of December, 2016.

**CITY OF COATESVILLE  
CHESTER COUNTY, PENNSYLVANIA**

By: *Luigi Scavarda*  
President

Attest:   
Secretary (SEAL)



Government Banking  
15 South Franklin St.  
Wilkes-Barre, PA 18701  
(570) 821-7156 Fax (570) 821-8639  
Email: [rmcgowan@mtb.com](mailto:rmcgowan@mtb.com)  
Ryan McGowan, Vice President

December 8, 2016

City of Coatesville  
Richard S. Brennan  
Interim Director of Finance  
One City Hall Place  
Coatesville, PA 19320

**Re: City of Coatesville, 2017 Tax Anticipation Note - \$1,100,000**

Dear Mr. Brennan,

M&T Bank (the "Bank") appreciates the opportunity to offer our services in purchasing the proposed Tax Anticipation Note (the "TAN") financing for the City of Coatesville, Chester County, PA (the "Borrower").

The attached summary includes only a brief description of the principal terms of the proposed TAN. The definitive terms of the proposed loan will be more fully evidenced in our intent letter and additional loan documentation including, but not limited to, a Note together with the other agreements, instruments, certificates and documents that M&T Bank may otherwise require. The Bank is of the understanding that the City's primary source of repayment for the TAN will be from tax revenues and receipts collected during 2017.

The settlement of the proposed TAN is subject to several conditions. First the City and Bank will discuss, negotiate and accept the conditions of this letter as provided below. After receiving the City's acceptance, 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**  
\$1,100,000
- 2) **Term of Note**  
6 Months, due June 30, 2017; or 12 Months, due December 31, 2017
- 3) **Type of Facility**  
Tax and Revenue Anticipation Note

4) **Rate of Interest Per Annum**  
**6 Month (Tax Exempt Rate) -**

The Note shall (subject to the following terms) bear interest on the outstanding principal balance at a Bank Qualified tax-exempt rate (365/360-day basis). The interest rate will be equal to the tax-exempt equivalent fixed rate of the 6-month LIBOR Rate, That rate determined at closing will be fixed to maturity of 06/30/2016. If the loan were to close today, the tax-exempt rate would be **2.15%**.

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.

This interest rate is issued upon the borrower's compliance with all acts of appropriate legislation and all necessary documentation designating the obligation as "Bank Qualified Tax-Exempt" under Regulation 265 (b) (3) of the Internal Revenue Code of 1986 and any applicable amendments. An opinion of Bond Counsel attesting to this is required.

If interest payable on the note is determined at any point during the term of the loan to not be "Bank Qualified 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.

**12 Month (Tax Exempt Rate) -**

The Note shall (subject to the following terms) bear interest on the outstanding principal balance at a Bank Qualified tax-exempt rate (365/360-day basis). That rate determined at closing will be fixed to maturity of 12/31/2016. If the loan were to close today, the tax-exempt rate would be **2.35%**.

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.

This interest rate is issued upon the borrower's compliance with all acts of appropriate legislation and all necessary documentation designating the obligation as "Bank Qualified Tax-Exempt" under Regulation 265 (b) (3) of the Internal Revenue Code of 1986 and any applicable amendments. An opinion of Bond Counsel attesting to this is required.

If interest payable on the note is determined at any point during the term of the loan to not be "Bank Qualified 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 Month (Taxable Rate) –**

The note shall bear interest at a taxable fixed, rate of interest of **3.35%**. M&T Bank reserves the right to modify the rate of interest if the Note is not closed by January 4, 2016.

**12 Month (Taxable Rate) –**

The note shall bear interest at a taxable fixed, rate of interest of **3.67%**. M&T Bank reserves the right to modify the rate of interest if the Note is not closed by January 4, 2016.

**5) Repayment Terms**

Principal and interest paid at maturity.

**6.) Prepayment Privileges**

No prepayment of principal is permitted.

**7.) Security**

The tax revenues and receipts of the City of Coatesville during the term of the Tax and Revenue Anticipation Note.

**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.

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.) Opinion of Counsel**

An opinion of legal counsel shall be delivered in a form satisfactory to the bank evidencing the fact that this borrowing is 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.

**10.) Fees and Expenses**

All bank fees will be waived for this issue.

The Borrower shall pay all fees and expenses of its Solicitor, Bond Counsel and shall pay for all fees and expenses for the preparation and printing of the 2017 TAN documents and for the filing of any required financing statements.

The Borrower agrees to indemnify the bank against any and all claims, which may be incurred in connection with this borrowing.

**11.) Preparation of Documents**

The Bank shall be listed as “Manufacturers and Traders Trust Company” in all documentation prepared by the Banks legal counsel and 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

**12.) Acceptance to advance**

*The above terms and conditions are intended to serve as an outline to support discussions of financing which may be available for the Borrower. This outline is not a commitment or an offer to provide credit accommodations and does not create any obligation on the part of the Bank. This outline is only a brief description of the principal terms of credit facility, which may be available and is intended for discussion purposes only.*

During these turbulent economic periods, M&T Bank remains focused on its community banking roots. We recognize the importance to reliability, accuracy, and responsiveness to the City of Coatesville. Our commitment to our customers has been 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

Accepted:

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Title of Signer

\_\_\_\_\_  
Date

**Statement of Confidentiality:**

The information provided in this proposal is **CONFIDENTIAL** in nature. It should be disclosed only to third parties who are directly involved in evaluating the proposal and who agree to maintain the confidentiality of this material. In no case

should it be shared, in whole or in part, with any other parties without the written approval of M&T Bank. We thank you for your cooperation.