

**File of the
Council of the City of Easton, Pa.**

Ordinance No. _____

SESSION 2011

Bill No. ____

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Introduced by: _____
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Enacted by Council: _____, 2011
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AN ORDINANCE:

OF THE CITY COUNCIL OF THE CITY OF EASTON, NORTHAMPTON COUNTY, PENNSYLVANIA (THE "CITY"), AUTHORIZING AND DIRECTING THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES OF 2011, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$9,000,000 (THE "BONDS") PURSUANT TO 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; PROVIDING THE PROCEEDS OF THE BONDS SHALL BE USED TO: (1) CURRENTLY REFUND THE CITY'S GENERAL OBLIGATION NOTES, SERIES OF 2004 (THE "2004 NOTES"); (2) CURRENTLY REFUND THE CITY'S GENERAL OBLIGATION NOTE, SERIES A OF 2004 (THE "2004A NOTE") (TOGETHER THE 2004 NOTES REFUNDING PROJECT AND THE 2004A NOTE REFUNDING PROJECT ARE REFERRED TO AS THE "REFUNDING PROGRAM"); (3) PROVIDE FUNDS FOR VARIOUS CAPITAL PROJECTS (THE "2011 CAPITAL PROJECTS"); AND (4) PAY THE COSTS AND EXPENSES OF ISSUING THE BONDS; DESCRIBING THE 2011 CAPITAL PROJECTS AND SETTING FORTH THE ESTIMATED USEFUL LIFE OF THE 2011 CAPITAL PROJECTS AND THE PRIOR CAPITAL PROJECTS FINANCED OR REFINANCED BY THE 2004 NOTES AND 2004A NOTE (THE "PRIOR CAPITAL PROJECTS"); COMBINING THE BONDS FOR SALE AND DETERMINING THAT THE SALE OF THE BONDS SHALL BE A PRIVATE SALE BY INVITATION UNDER THE ACT, AND DETERMINING THAT THE BONDS SHALL BE NONELECTORAL DEBT OF THE CITY; FIXING THE INTEREST PAYMENT DATES, DENOMINATIONS AND REGISTRATION, TRANSFER AND EXCHANGE PRIVILEGES OF THE BONDS AND PROVIDING FOR BOOK ENTRY BONDS THROUGH DEPOSITORY TRUST COMPANY; SETTING FORTH THE MATURITY DATES, PRINCIPAL MATURITIES AND CURRENT INTEREST RATES OF THE BONDS AND ESTABLISHING THE REQUIRED SCHEDULE OF PAYMENTS TO THE SINKING FUND, AS HEREINAFTER ESTABLISHED, IN ORDER TO AMORTIZE THE

BONDS; ESTABLISHING THE REDEMPTION PROVISIONS OF THE BONDS, BOTH OPTIONAL AND MANDATORY; ESTABLISHING THE NOTICE REQUIREMENTS WITH RESPECT TO THE REDEMPTION OF THE BONDS; ACCEPTING, AND AUTHORIZING EXECUTION OF, A BOND PURCHASE AGREEMENT; DESIGNATING A PAYING AGENT AND REGISTRAR; DESIGNATING A PLACE AND METHOD OF PAYMENT OF THE BONDS AND INTEREST THEREON AND MAKING CERTAIN COVENANTS WITH RESPECT TO THE TAX FREE STATUS THEREOF; ESTABLISHING THE SUBSTANTIAL FORM OF THE BONDS AND THE PAYING AGENT'S CERTIFICATE RELATING THERETO; AUTHORIZING EXECUTION AND AUTHENTICATION OF THE BONDS; PROVIDING FOR THE REGISTRATION OF THE BONDS, THE MAINTENANCE OF RECORDS OF REGISTERED OWNERS AND TRANSFER OF THE BONDS; COVENANTING TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY TO SUCH PURPOSE; ESTABLISHING A SINKING FUND FOR THE BONDS AND AUTHORIZING AND DIRECTING PAYMENT THEREFROM; SETTING FORTH CERTAIN PROVISIONS WITH RESPECT TO THE INVESTMENT OF MONIES THEREIN; DESIGNATING A SINKING FUND DEPOSITORY; SETTING FORTH CERTAIN RIGHTS OF THE PAYING AGENT AND BONDHOLDERS IN THE EVENT OF DEFAULT AND OTHER RIGHTS OF THE PARTIES WITH RESPECT TO THE BONDS; PROVIDING FOR THE CIRCUMSTANCES UNDER WHICH THE ORDINANCE MAY BE AMENDED OR MODIFIED; PROVIDING FOR THE TERMS, CONDITIONS AND COVENANTS WITH RESPECT TO THE BOND INSURER, IF ANY, FOR THE BONDS; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO AND PERFORM CERTAIN SPECIFIED AND REQUIRED OR APPROPRIATE ACTS; AUTHORIZING THE EXECUTION OF DOCUMENTS FOR CLOSING AND THE PAYMENT OF ISSUANCE EXPENSES; PROVIDING FOR THE INVESTMENT OF THE PROCEEDS OF THE BONDS PENDING APPLICATION THEREOF; DECLARING THAT THE DEBT TO BE INCURRED IS WITHIN THE LIMITATION IMPOSED BY THE ACT UPON INCURRING OF SUCH DEBT BY THE CITY; AUTHORIZING AND DIRECTING PROPER OFFICERS OF THE CITY TO DELIVER THE BONDS UPON EXECUTION AND AUTHENTICATION THEREOF, UPON RECEIPT OF PROPER PAYMENT OF THE BALANCE DUE THEREFOR, AND ONLY AFTER SPECIFIED APPROVAL, AS REQUIRED, OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA; SETTING FORTH CERTAIN COVENANTS RELATING TO THE FEDERAL TAX STATUS OF THE BONDS; COVENANTING TO PAY OVER AT SETTLEMENT SUFFICIENT MONIES TO PROVIDE FOR THE PREPAYMENT OF THE 2004 NOTES AND 2004A NOTE TO BE REFUNDED IN ACCORDANCE WITH THE REFUNDING PROGRAM AND AUTHORIZING AND DIRECTING CERTAIN OTHER ACTIONS; PROVIDING FOR COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; PROVIDING FOR SEVERABILITY OF PROVISIONS OF THE ORDINANCE; PROVIDING FOR THE USE OF AND MAKING A COVENANT AS TO THE ADEQUACY OF THE PROCEEDS TO BE PAID OVER TO THE PAYING

AGENTS/NOTE HOLDERS FOR THE 2004 NOTES AND 2004A NOTE FOR PURPOSES OF THE REFUNDING; PROVIDING FOR REPEAL OF ALL ORDINANCES OR PARTS OF ORDINANCES SO FAR AS THE SAME SHALL BE INCONSISTENT; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.

WHEREAS, the City of Easton, Northampton County, Pennsylvania (the "City") is a Local Government Unit, as defined in 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 (the "Act"); and

WHEREAS, on or about March 24, 2004, the City did sell a series of obligations designated as its General Obligation Notes, Series of 2004 (the "2004 Notes"), in the aggregate principal amount of \$6,910,000 to currently refund all or portions of the City's remaining outstanding General Obligation Bonds, Series A of 1992 (the "1992A Bonds") and General Obligation Bonds, Series of 1998 Bonds (the "1998 Bonds") and pay the costs of issuance for the 2004 Notes; and

WHEREAS, the 1992A Bonds were issued to provide funds for and toward proper legal purposes that are set forth, in detail, in the 1992A Bonds Authorizing Ordinance; and

WHEREAS, the 1998 Bonds were issued for the purposes of: (1) current refunding of the Series of 1972 Parking Revenue Bonds, (2) advance refunding of a portion of the 1992A Bonds, (3) funding the costs of new capital projects (the "1998 Capital Projects" of "New Money Portion") and (4) paying the costs of issuance of the 1998 Bonds; and

WHEREAS, the aggregate principal amount of Note maturities outstanding on the 2004 Notes is \$3,690,000, scheduled to mature in the years 2011 through 2018, all of which maturities and amounts are attributable to refunding of the New Money Portion of the

1998 Bonds; and

WHEREAS, the City has retired through payment the portion of 2004 Notes attributable to: (1) the refunding of the 1992A Bonds and (2) the refunding of the 1998 Bonds which currently refunded the then outstanding Series of 1972 Parking Revenue Bonds and advance refunded a portion of the 1992A Bonds; and

WHEREAS, on or about December 7, 2004, the City did previously sell an obligation designated as its General Obligation Note, Series A of 2004 (“2004A Note”), in the stated principal amount of \$3,455,000 to provide funding for capital projects for water, storm sewer and additional projects, including additional projects identified in a 2008 amendment to the original City Ordinance authorizing the issuance and sale of the 2004A Note (the “2004 Capital Projects”), and to pay the costs of issuance for the 2004A Note; and

WHEREAS, the principal amount outstanding on the 2004A Note is \$2,718,000, scheduled to mature in the years 2011 through 2024; and

WHEREAS, the 2004 Notes and 2004A Note are prepayable in whole or part at any time without premium or penalty; and

WHEREAS, the City Council has determined it to be in the best interest of the City to currently refund the 2004 Notes and 2004A Note for the purpose of substituting bonds for notes under Section 8241(b)(5) of the Act, by providing for the payment thereon of the principal value together with interest to the date of prepayment in accordance with the provisions of Section 8241 of the Act (the “Refunding Program”); and

WHEREAS, First Star Savings Bank, is the paying agent for the 2004 Notes and current holder of the 2004 Notes; and

WHEREAS, KNBT, a division of National Penn Bank, is the paying agent for the 2004A Note and current holder of the 2004A Note; and

WHEREAS, additionally and as part of the Refunding Program, as submitted to the City by its Financial Consultant, VALCO Capital, Ltd., in its financing study (the “Financing Study”), the necessary funds will be deposited with the Paying Agents/Noteholders for the 2004 Notes and 2004A Note. The funds deposited are designed to be adequate as to amount and appropriate as to availability to pay the interest on and principal at prepayment of the 2004 Notes and 2004A Note; and

WHEREAS, the Council of the City (the “City Council” or “Council”), has determined to undertake capital projects (the “2011 Capital Projects”) consisting of the planning, design, acquisition, installation, construction, equipping and/or furnishing of: bridge replacement, sanitary sewer repairs and relining, traffic signal control upgrades; ADA-compliant street curbing ramps, roadway guiderails, traffic signal installation, heavy rolling stock, and other various utility, roadway, park, and retaining/stone wall capital projects as determined by City Council and as funding proceeds permit; and

WHEREAS, the City has obtained actual bids and/or realistic estimates from registered architects, professional engineers, or other persons qualified by experience of the costs of the 2011 Capital Projects, as such costs are defined in Section 8006 of the Act which costs are not less than \$1,075,000, and has determined finance all or a portion of such costs by the issuance of bonded indebtedness under the Act; and

WHEREAS, the City Council has determined to implement the foregoing financing decisions by authorization, issuance and sale of the City's General Obligation Bonds, Series of 2011 (the "Bonds" or "2011 Bonds") in the aggregate principal amount of [not to exceed \$9,000,000]; and

WHEREAS, the proceeds of the Bonds, after payment of costs of issuance, together with any other monies available or to be available for the purpose, will provide necessary monies for the funding of the Refunding Program and 2011 Capital Projects, including reimbursement of expenditures from the City's general fund or other accounts for the costs of the 2011 Capital Projects pursuant to a Reimbursement Resolution adopted by the Council on _____, 2011; and

WHEREAS, the City Council, in contemplation of the authorization, issuance and sale of the Bonds, has determined that the Bonds shall be offered for sale, which sale shall be private sale by invitation, in accordance with Section 8107 of the Act, which it believes is in the best interests of the City; and

WHEREAS, the Council of this City has received and reviewed a proposal (the "Bond Purchase Agreement") to purchase the Bonds from _____, (the "Underwriters or Investment Bankers@), and, upon the recommendation of the Financial Consultant has determined to accept the Bond Purchase Agreement; and

WHEREAS, the Council desires to award the Bonds to the Investment Bankers at private sale by invitation and to accept their Bond Purchase Agreement in the form submitted; to authorize issuance of non-electoral debt in the aggregate principal amount of the Bonds pursuant to the AFinancing Study@ prepared by the Financial Consultant; and to take

appropriate action and to authorize such action in connection with the

Refunding Program and 2011 Capital Projects, all in accordance with and pursuant to provisions of the Act.

THE CITY OF EASTON HEREBY ORDAINS:

SECTION 1. The City Council does authorize and direct the issuance of General Obligation Bonds, Series of 2011, pursuant to this Ordinance, in the aggregate principal amount of [not to exceed \$9,000,000] for the purpose of funding the Refunding Program and the 2011 Capital Projects. The Bonds will be general obligations of the City payable from the general revenues of the City.

SECTION 2. (a) A brief description of the 2011 Capital Projects, for which a portion of the debt evidenced by the Bonds will be incurred, is contained in the preamble hereof. The City hereby determines that the realistic estimated useful lives of the capital projects composing the 2011 Capital Projects to be not less than 10 to 30 years, and the amortization of the Bonds funding the 2011 Capital Projects has been structured to fully amortize on a level or earlier basis each component of the 2011 Capital Projects before the expiration of their respective useful lives.

(b) A brief description of the Refunding Program, for which a portion of the debt is to be incurred, of which a portion of the Bonds shall be evidence, is contained in the preamble hereof. The realistic estimated useful lives of the 1998 Capital Projects refinanced by the 2004 Notes and the 2004A Capital Projects financed by 2004A Note (together, the "Prior Capital Projects"), are not less than previously determined, and the portion of the Bonds, the proceeds of which are designated to the Refunding Program

(the "Refunding Bonds"), as structured, will fully amortize on a level or earlier basis each component of the Prior Capital Projects before the expiration of their useful lives. The portions of the Refunding Bonds allocated to the refunding of 2004 Notes to the refunding of the 2004A Note will only be outstanding through a maturity date that could have been included in the 2004 Notes and 2004A Note, respectively.

SECTION 3. The Bonds shall be combined for sale and sold at private sale by invitation, which the City Council has determined to be in the best interests of the City. The City Council has determined that the debt, of which the Bonds shall be evidence, shall be nonelectoral debt of the City.

SECTION 4. (a) The Bonds shall be dated as of the date of their delivery, and shall bear interest payable semiannually on May 15 and November 15 of each year, beginning May 15, 2012, to the registered owners thereof, at the rates per annum stated thereon, from the interest payment date next preceding the date of registration and authentication of each Bond, unless such Bond is registered and authenticated as of an interest payment date, in which event the Bond shall bear interest from such interest payment date, or unless the Bond is registered and authenticated prior to May 15, 2012, in which event the Bond shall bear interest from their dated date, or unless, as shown by the records of the Paying Agent (hereinafter identified), interest on the Bond shall be in default, in which event the Bond shall bear interest from the date on which interest was last paid on the Bond, until said principal sum is paid. Interest on the Bonds will be computed on the basis of a 360-day year, consisting of twelve 30 day months. Payment of interest on a Bond shall be made to the registered owner thereof whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a business day) next preceding each interest

payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the City shall be in default in payment of interest due on such interest payment date. In the event of such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of the Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name the Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

(b) If any interest payment date for the Bonds shall be a Saturday, Sunday or legal holiday or a day on which such banking institutions in the city where the corporate trust office of the Paying Agent which is processing payment is located are authorized by law or executive order to close, then the date for payment of such principal of or interest on the Bonds shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or 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 established for such payment.

(c) Depository Trust Company ("DTC") will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of each series, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Bond

owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

(d) DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

(e) Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. Such DTC Participants and the persons for whom they acquire interests in the Bonds as nominees will not receive a bond certificate, but each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's interest in the Bonds, which will be confirmed in accordance with DTC's standard procedures. Beneficial owners of Bonds will not receive certificates

representing their beneficial ownership interests in the Bonds, unless use of the book-entry only system is discontinued as described below.

(f) Transfers of beneficial ownership interests in the Bonds which are registered in the name of Cede & Co., as nominee of DTC, will be accomplished by book entries made by DTC and in turn by the DTC Participants and Indirect Participants who act on behalf of the beneficial owners of Bonds. For every transfer and exchange of beneficial ownership in the Bonds, the beneficial owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

(g) For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the City and the Paying Agent will recognize only DTC or its nominee, Cede & Co., as the owner of the Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to beneficial owners of the Bonds, will be governed by arrangements among DTC, DTC Participants, Indirect Participants and beneficial owners, subject to any statutory and regulatory requirements as may be in effect from time to time.

(h) Payments made by the Paying Agent to DTC or its nominee shall satisfy the City's obligations with respect to the Bonds to the extent of the payments so made.

(i) Principal, redemption price and interest payments on the Bonds shall be made by the Paying Agent to DTC or to its nominee, Cede & Co., as registered owner of the Bonds. Disbursement of such payments to the beneficial owners shall be

solely the responsibility of DTC, the DTC Participants and, where appropriate, Indirect Participants. Upon receipt of moneys, DTC's current practice is to credit immediately the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to beneficial owners shall be governed by standing instructions of the beneficial owners and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Such payments shall be the sole responsibility of such DTC Participant or Indirect Participant and not of DTC, the City or the Paying Agent, subject to any statutory and regulatory requirements as may be in effect from time to time.

(j) The City and the Paying Agent cannot and do not give any assurances that DTC, the DTC Participants or the Indirect Participants will distribute to the beneficial owners of the Bonds (I) payments of principal or redemption price or interest on the Bonds, (II) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Bonds, or (III) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or Indirect Participants will serve and act in the manner described in the Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

(k) Neither the City nor the Paying Agent will have any responsibility or obligation to any DTC Participant, Indirect Participant or beneficial owner or any other

person with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any DTC Participant or Indirect Participant; (3) the payment by DTC or any DTC participant or Indirect Participant of any amount due to any beneficial owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by DTC or any DTC Participant or Indirect Participant of any notice to any beneficial owner which is required or permitted under the terms of this Ordinance to be given to Bondholders; (5) the selection of the beneficial owners to receive payment in the event of any partial redemption of the bonds; or (6) any other action taken by DTC as Bondholder.

(l) DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the City and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In addition, the City may discontinue the book-entry only system for the Bonds at any time if it provides thirty (30) days' notice of such discontinuation to the Paying Agent and DTC that continuation of the book-entry only system is not in the best interests of the City. Upon the giving of such notice, the book-entry only system for the Bonds will be discontinued unless a successor securities depository is appointed by the City.

(m) The Mayor or Deputy Mayor or City Finance Director is authorized to execute and deliver to DTC a Blanket Letter of Representation. The City shall comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time, so long as DTC shall act as Securities Depository for the Bonds.

SECTION 5. The Bonds shall be issued in the aggregate principal amounts, shall be numbered consecutively within maturities, and shall mature on the dates, and in the amounts, and shall bear interest at the rates and require the amortization payments to

the sinking fund hereinafter established, all as set forth in the schedule contained in the attached Schedule "A" of this Ordinance.

SECTION 6. The Bonds are subject to mandatory redemption prior to maturity from monies to be deposited in the sinking fund, upon payment of the principal amount together with interest to the date of such redemption as set forth in Schedule "B" attached to this Ordinance.

SECTION 7. The Bonds shall be subject to redemption prior to maturity, at the option of the City, upon payment of the principal amount, together with accrued interest to the date fixed for redemption, as set forth in Schedule "C" attached to this Ordinance.

SECTION 8. (a) Bonds subject to redemption and issued in denominations larger than \$5,000 may be redeemed in part. For the purposes of redemption, such Bonds shall be treated as representing that number of Bonds which is obtained by dividing the denomination thereof by \$5,000, each \$5,000 portion of such Bonds being subject to redemption. In the case of partial redemption of such Bonds, payment of the redemption price shall be made only upon surrender of the Bond in exchange for Bonds of like form, series and maturity, of authorized denominations in aggregate amount equal to the unredeemed portion thereof.

(b) Any redemption of Bonds pursuant to Section 6 and 7 above shall be made after notice by mailing by first class mail a notice thereof to the registered owners of all Bonds to be redeemed and to any bond insurer then insuring the Bonds, not less than thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, or after waivers of such notice executed by the registered owners of all Bonds to be redeemed shall have been filed with the Paying Agent. Failure to mail any

notice or any defect therein or in the mailing thereof, with respect to any particular Bond, shall not affect the validity of the proceedings for redemption of any other Bond. Any notice of redemption mailed in accordance with these requirements shall be conclusively presumed to have been duly given, whether or not such registered holder actually receives the notice. Notice having been so given or waived, and provision having been made for redemption from funds on deposit with the Paying Agent, all interest on the Bonds called for redemption accruing after the date fixed for redemption shall cease, and the registered owners of the Bonds called for redemption shall have no security, benefit or lien under this Ordinance or any right except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

(c) Any such notice shall be dated, shall be given in the name of the City, and shall state the following information:

(i) the identification numbers and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for

redemption, and that interest thereon shall cease to accrue from and after said date; and

(vii) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent for the Bonds;

(d) In addition to the foregoing notice, further notice of any redemption of Bonds hereunder shall be mailed, at least two (2) business days in advance of the mailed notice to Bondholders, by first class mail to all agencies or depositories to which notice is required by the Continuing Disclosure Certificate or Agreement (as hereinafter referenced), and to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Financial Information Inc.'s "Daily Called Bond Service", Kenny Information Services' "Called Bond Service", Moody's "Municipal and Government", and Standard & Poor's "Called Bond Record"). Such further notice shall contain the information required in the notice to Bondholders. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Bondholders as prescribed above.

(e) If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent which is processing the redemption is located are authorized by law or executive order to close, then the date for payment of the principal and interest

upon such redemption 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 redemption.

(f) If at the time of mailing a notice of optional redemption the City shall not have deposited with the Paying Agent for the Bonds moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

SECTION 9. The City Council shall and does accept the proposal of the Investment Bankers for purchase of the Bonds, which Bonds shall be and are awarded to the Investment Bankers, in accordance with the terms of their Bond Purchase Agreement, at private sale by invitation, at a dollar price of \$_____ [not less than 90% of par value] for the Bonds (which consists of the par amount of the Bonds, plus original issue premium of \$_____ on the Bonds and less an underwriting discount of \$_____), together with accrued interest from the date thereof to the date of delivery thereof, if any, the Investment Bankers having submitted their proposal in accordance with provisions of the Act. Appropriate officers of the City are authorized and directed to execute the Bond Purchase Agreement in the substantial form submitted. The Financing Study as submitted by the Financial Advisor is hereby accepted and approved. The Preliminary Official Statement in the form presented is hereby approved

and distribution thereof and a final Official Statement when completed are hereby authorized.

SECTION 10. The City Council does hereby designate, subject to its acceptance, TD Bank, N.A., a banking institution having corporate trust offices in Philadelphia, Pennsylvania, as the "Paying Agent" for purposes of the Bonds.

SECTION 11. The principal of and premium, if any, on the Bonds shall be payable at the corporate trust office of TD Bank, N.A., in Philadelphia, Pennsylvania, in its capacity as Paying Agent, and interest thereon is payable by check or draft mailed to the registered owner at the address shown on the registration books as of the close of business on the Record Date set forth elsewhere herein and in the face of the Bonds, in lawful moneys of the United States of America, without deduction of any tax or taxes now or hereafter levied or assessed thereon under any present or future law of the Commonwealth of Pennsylvania (the "Commonwealth"), which tax or taxes this City assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate or inheritance taxes, taxes on gains from the sale thereof, or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

SECTION 12. The form of the Bonds, and of the Paying Agent's Certificate to be endorsed thereon, with appropriate insertions, omissions and variations, shall be substantially as set forth in Schedule "D" attached to this Ordinance.

SECTION 13. The Bonds shall be executed in the name of and on behalf of this City by the signature or facsimile signature of the Mayor or Deputy Mayor, and the official seal of this City or a facsimile thereof shall be affixed thereunto, attested by the signature or facsimile signature of the City Clerk or Assistant City Clerk. Bonds executed and

bearing signatures or facsimile signatures as above provided may be issued and shall, upon request of the City, be authenticated by the Paying Agent, notwithstanding that one or more of the officers signing such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds. TD Bank, N.A., in its capacity as Paying Agent, hereby is authorized, requested and directed to authenticate the Bonds by execution of the Certificate of Authentication endorsed on the Bonds by a duly authorized officer. No Bonds shall be valid until the Certificate of Authentication shall have been duly executed by the Paying Agent, and such authentication shall be proof that the registered owner is entitled to the benefit of the Ordinance.

SECTION 14. The Bonds shall be issued only in registered form, without coupons, as provided, may be exchanged for a like aggregate principal amount of the same series and maturity of other authorized denominations, and the following conditions in addition to those set forth in the Bond form itself shall apply with respect thereto:

(a) The City shall keep, at the principal corporate trust office of the Paying Agent, books for the registration and transfer of the Bonds, and hereby appoints the Paying Agent its registrar and transfer agent to keep such books and make such registrations and transfers under such reasonable regulations as the City or the registrar and transfer agent may prescribe, and as set forth in the forms of Bonds herein.

Registrations and transfers shall be at the expense of the City, but the Bondholder shall pay any taxes or other governmental charges on all registrations and transfers and shall pay any costs of insuring Bonds during shipment.

(b) Bonds may be transferred upon the registration books upon delivery to the Paying Agent of such Bond, accompanied by a written instrument or instruments of transfer, in form and with guaranty of signature satisfactory to the Paying Agent, duly executed by the owner of the Bonds to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bonds, and other information requested by the City pursuant to the Ordinance or by the Paying Agent in its regulations. No transfer of any Bond will be effective until entered on the registration books and until payment from the registered owner of all taxes and governmental charges incidental to such transfer is received.

(c) In all cases of the transfer of a Bond, the Paying Agent will enter the transfer of ownership in the registration books and, if requested, will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the other provisions of this Ordinance.

(d) The City and the Paying Agent shall not be required to: (i) issue or transfer any Bonds during a period beginning at the opening of business on any Record Date for interest payments and ending at the close of business on such interest payment date; or (ii) issue or transfer any Bonds during a period beginning at the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the date the notice of redemption is mailed; or (iii) issue or transfer any Bonds during the period beginning at the opening of business on the first business day next succeeding the business day the Paying Agent

determines the registered owners of Bonds to receive notice of any Special Record Date and the close of business on the Special Record Date; or (iv) issue or transfer any Bonds selected or called for redemption.

(e) If any Bond shall become mutilated, the City shall execute and the Paying Agent shall thereupon authenticate and deliver a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of such mutilated Bond for cancellation, and the City and the Paying Agent may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the City and the Paying Agent; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the City shall execute, and thereupon the Paying Agent shall authenticate and deliver, a new Bond of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the City may, with the consent of the Paying Agent, pay to the owner the principal amount of and accrued interest on such Bond upon the maturity thereof and the compliance with the aforesaid conditions by such owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this subsection shall constitute an additional contractual obligation of the City, whether or not the bond to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled

to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

(f) Pending preparation of definitive Bonds, or by agreement with the purchasers of all Bonds, the City may issue and, upon its request, the Paying Agent shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds in denominations of \$5,000 and multiples thereof, of substantially the tenor recited above, in fully registered form. Upon request of the City, the Paying Agent shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same right, remedies and security hereunder as definitive Bonds.

SECTION 15. This City covenants to and with holders or registered owners of the Bonds which shall be outstanding, from time to time, pursuant to this Ordinance, that this City shall include the amount of the debt service, as set forth in the appropriate schedule annexed to Section 5 hereof, for each fiscal year of this City in which such sums are payable, in its budget for such fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid not later than the due date thereof to the sinking fund hereinafter established the

principal of each of the Bonds and the interest thereon on the dates and place and in the manner stated therein according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of this City shall be enforceable specifically.

Furthermore:

(a) There is created pursuant to Section 8221 of the Act, a sinking fund for the Bonds, to be known as the "Sinking Fund-General Obligation Bonds, Series of 2011", or the "2011 Bonds Sinking Fund", which sinking fund shall be administered in accordance with applicable provisions of the Act.

(b) From the funds deposited in the sinking fund, the Paying Agent, without further action of the City, is hereby authorized and directed to pay the principal of and interest on the Bonds, and the City hereby covenants that such monies, to the extent required, will be applied to such purpose, as follows: The Paying Agent shall pay all interest on the Bonds as and when the same shall become due and payable and the principal on all the Bonds, as and when such Bonds shall mature by their express terms, or by reason of selection by lot under any mandatory redemption provisions applicable thereto.

(c) The Paying Agent from time to time, may invest and/or deposit money which shall be in its possession hereunder and which shall not be required for application to payment of principal and/or interest with respect to the Bonds, in such manner as may be permitted by applicable laws of the Commonwealth of Pennsylvania, for such period of time as will not affect adversely the availability of such money as and

when required for application to payment of principal and/or interest with respect to the Bonds for the account and benefit of the City; provided, however, that no such investment and/or deposit shall be made which, in any manner: (1) may impair the principal amount thereof; or (2) may cause the Bonds issued by the City under this Ordinance to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, including applicable regulations promulgated, from time to time, in connection therewith and pursuant thereto.

(d) If at any time the Paying Agent shall hold in the 2011 Bonds Sinking Fund monies which are in excess of those required to provide for the payment of interest previously due, and principal on the Bonds, already matured though not yet presented, and such excess monies shall not be required within thirty (30) days to meet the payment of interest on, and principal of such Bonds, next maturing or to be called for mandatory redemption; and the City shall not otherwise be in default hereunder; then in that event the Paying Agent shall, upon direction from the City, utilize such excess funds for the purchase of any of the Bonds, as shall be available for purchase, at the lowest available price, but in no case at more than par, with accrued interest to the date of the purchase.

(e) All monies deposited in the Sinking Fund for the payment of the Bonds and interest thereon, which have not been claimed by the owners thereof after two years from the date when payment is due, except where such monies 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 holders of unrepresented Bonds.

SECTION 16. The City appoints TD Bank, N.A., as the Sinking Fund Depository with respect to the 2011 Bonds Sinking Fund created pursuant to Section 15 of this Ordinance.

SECTION 17. The following additional terms and conditions shall apply, as appropriate, to the Bonds:

(a) Should the City fail to provide the Paying Agent with sufficient funds, payable to the sinking fund, at appropriate intervals, so as to enable the Paying Agent to pay the principal and interest on the Bonds as and when due, or should the City, through the Paying Agent, fail to make such payments as and when due, or should the City fail to perform any other covenant or condition contained in this Ordinance and running to the benefit of the holders or registered owner of the Bonds, or contained in the Act as applicable to the Bonds, such failure shall constitute a default by the City, and the registered owners of the Bonds shall be entitled to all the rights and remedies provided by the Act in the event of default. If any such default occurs, the Paying Agent may, and upon written request of the owners of 25 percent of the aggregate principal amount of the Bonds then outstanding accompanied by indemnity in such form and in such amount as the Paying Agent shall designate or a Court of competent jurisdiction shall set and establish, shall bring suit upon the Bonds, or by other appropriate legal or equitable action restrain or enjoin any acts by the City which may be unlawful or in violation of the rights of the owners of the Bonds.

(b) With respect to the Bonds issued hereunder, all such Bonds which shall be paid, purchased or redeemed by the City or the Paying Agent pursuant to the terms and provisions of this Ordinance shall be canceled and cremated or otherwise

destroyed by the Paying Agent, which shall then furnish the City with a Certificate of Cremation or Destruction.

(c) The Bonds hereunder shall be deemed to be no longer outstanding if provision for payment at maturity or at redemption, such redemption having been irrevocably undertaken, shall have been made in a manner authorized under Section 8250(b) of the Act.

(d) With respect to the Bonds hereunder, the City may from time to time and at any time, enact a supplemental ordinance in order to: (1) cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or (2) grant to or confer upon the owners of the Bonds any additional rights, remedies, powers, authority, or security that may be lawfully granted to or conferred upon them. This Ordinance may also be amended or modified from time to time, except with respect to the interest payable upon the Bonds, or with respect to the dates of maturity or redemption provisions of the Bonds, and in the case of any such permitted amendment or modification, a certified copy of the same shall be filed with the Paying Agent, following approval in writing by the owners of not less than 67 percent in principal amount of the Bonds then outstanding, other than Bonds provision for payment or redemption of which has been made prior to the effective date thereof as provided in sub-section (c) above, and the written consent of any municipal bond insurance company then insuring the Bonds, if any.

(e) So long as the Bonds shall be insured as to payment to any extent by the bond insurer (the "Bond Insurer") set forth in Schedule "E" hereof, the terms, conditions and covenants set forth in Schedule "E" shall apply. The Mayor or Deputy

Mayor is authorized to execute an insurance agreement with the Bond Insurer substantially in accordance with the terms, conditions and covenants set forth in Schedule "E".

SECTION 18. The Mayor or Deputy Mayor, Controller, Finance Director and/or City Clerk, respectively, of this City, which shall include their duly qualified successors in office, if applicable, are authorized and directed individually or collectively, as appropriate; (a) to prepare, to certify and to file the debt statement required by Section 8110 of the Act; (b) to prepare and file, as required with the Department of Community and Economic Development (the "Department") of the Commonwealth, statements required by Section 8024 or 8026 of the Act, which are necessary to qualify certain nonelectoral and lease rental debt of this City and, if necessary, the debt which will be evidenced by the Bonds to be issued hereunder, as subsidized or self-liquidating debt; (c) to prepare, execute and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Bonds, upon issue, will be evidence, as required by Section 8111 of the Act; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

SECTION 19. The Mayor or Deputy Mayor are authorized and directed to contract with TD Bank, N.A. for its services as Sinking Fund Depository and as Paying Agent in connection with the Bonds, and with the Bond Insurer designated in the attached Schedule "E", if any, and are authorized and directed to execute on behalf of the City at the appropriate time, a Paying Agent Agreement with TD Bank, N.A., as Paying Agent

for the Bonds, and a commitment to purchase bond insurance from the Bond Insurer. The Mayor or Deputy Mayor, and the Finance Director and/or the City Clerk, individually or collectively, are authorized to approve payment by the Paying Agent at closing on the sale of the Bonds of all costs and expenses incidental to such issuance and sale and consummation of the Bonds in accordance with the estimates attached to the Financing Study, including the bond insurance premiums due the Bond Insurer.

SECTION 20. The portion of the proceeds of the sale of the Bonds allocated to the 2011 Capital Projects, after payment of the costs of issuance, shall be invested, pending application to the payment of costs of the 2011 Capital Projects, in investments (the Investments), which are legal investments for City under the laws and statutes of the Commonwealth of Pennsylvania, and further, to the extent not invested in direct obligations of the United States, such Investments shall be adequately collateralized by such obligations. The Mayor, Deputy Mayor, Controller, Finance Director and/or the City Clerk, individually or collectively are hereby authorized and directed to make appropriate arrangements for the Investments.

SECTION 21. It is declared that the debts to be incurred by the issuance of the Bonds hereby, together with any other indebtedness of the City, is not in excess of any limitation imposed by the Act upon the incurring of debt by the City.

SECTION 22. Proper officers of the City are authorized and directed to deliver the Bonds upon execution and authentication thereof as provided for herein, to the Investment Bankers, but only upon receipt of proper payment of the balance due therefore, and only after the Department has certified its approval pursuant to Section 8204 of the Act.

SECTION 23. (a) The City hereby covenants with the registered owners, from time to time, of the Bonds that no part of the proceeds of the Bonds or of any moneys on deposit with the Paying Agent and Sinking Fund Depository hereunder will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of Sections 141 and 148 of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder (the "Regulations") proposed or in effect at the time of such use and applicable to the Bonds, and that it will comply with the requirements of those sections of the Code and the Regulations throughout the term of the Bonds.

(b) The Mayor or Deputy Mayor and Finance Director, being the official(s) responsible for issuing the Bonds, attested by the City Clerk or Assistant City Clerk, are hereby authorized and directed to execute and deliver, in the name and on behalf of the City, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds are not "arbitrage bonds" or "private activity bonds" within the meanings of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Bonds, which certificate shall set forth the reasonable expectations of the City as to the amount and use of the proceeds of the Bonds.

(c) If the gross proceeds of the Bonds are invested at a yield greater than the applicable yield on the Bonds and are not expended within six months from the date of issuance, or within eighteen (18) months therefrom if Section 1.148-7(d) of the

Regulations shall be applicable, or within two (2) years therefrom if Section 148(f)(4)(c) of the Code shall be applicable, the City covenants that it will "Rebate" to the U.S. Treasury, at the times and in the manner required by the Code, all investment income derived from investing the proceeds of the Bonds in an amount which exceeds the amount which would have been derived from the investment of the proceeds of the Bonds at a yield not in excess of the yield on the Bonds. Provided however, that the Mayor or Deputy Mayor or City Finance Director, are hereby authorized on behalf of the City to exercise an election to pay, in lieu of Rebate, a penalty pursuant to Section 148(f)(4)(c)(vii) of the Code, which election, if made in their discretion, shall be contained in the City's Non-Arbitrage Certificate with respect to the Bonds issued at closing thereon, and shall thereupon become binding upon the City, in which case the City shall pay the appropriate penalties, as applicable, as and when due, in lieu of Rebate. The obligation to pay Rebate shall also not apply if the small issuer exception under Section 148(f)(4)(d) of the Code shall apply.

(d) The City hereby designates the Bonds as ~~A~~Qualified Tax-Exempt Obligations~~@~~ pursuant to Section 265(b)(3) of the Code, and represents and covenants that the total amount of its obligations (and those obligations of any entity required to be aggregated with the City's) so designated and to be designated during the current year does not and will not exceed \$10,000,000.

SECTION 24. The officers and officials of this City including the Mayor, Deputy Mayor, Controller, Finance Director, City Clerk, Assistant City Clerk and/or City Solicitor, individually and collectively, are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate

in order to effect the execution, issuance, sale and delivery of the Bonds, and prepayment of the 2004 Notes and 2004A Note all in accordance with this Ordinance.

SECTION 25. (a) The City covenants that, concurrently with the delivery of the Bonds to the Investment Bankers, there will be paid over to and for the account of the Paying Agents/Noteholders for the 2004 Notes and 2004A Note by the City an amount of money which, together with other available monies, if necessary, will be sufficient to provide payment of all accrued interest and outstanding principal on the 2004 Notes and 2004A Note (and for the costs of retirement of the 2004 Notes and 2004A Note on such date, if any) in accordance with the Refunding Program. Prepayment of the 2004 Notes and 2004A Note shall occur contemporaneously with issuance of the Bonds. In the event that there are any note proceeds remaining from the sale of the 2004 Notes or the 2004A Note, the remaining proceeds shall be used to contribute the refunding of the 2004 Notes and 2004A Note, as may be applicable;

(b) The City further covenants that the Bonds will not be delivered to the Investment Bankers unless and until the City prior to or concurrently with such delivery, shall have taken or shall take all action as shall be necessary and/or appropriate to implement and effectuate provisions for the aforesaid prepayment of the 2004 Notes and 2004A Note being refunded pursuant to the Refunding Program. The intent and purpose of the foregoing is to insure that the City will take such action and will cause such action to be taken and will do such things prior to or concurrently with delivery of the refunding portion of the Bonds, as shall be necessary and/or appropriate to implement and effectuate provision of the aforesaid prepayment of the 2004 Notes and 2004A Note, so that simultaneously with delivery of the refunding portion of the

Bonds to the Investment Bankers, for purposes of the Act, such 2004 Notes and 2004A Note no longer shall be considered to be outstanding, and the City shall be deemed to have made appropriate provisions for the retirement of the outstanding non-electoral debt which was evidenced thereby.

(c) The paying agent and the noteholder for the 2004 Notes are one in the same. The Council authorizes and directs the prepayment of the 2004 Notes. The prepayment shall be effectuated by deposit with First Star Savings Bank of the required amount to prepay the 2004 Notes.

(d) The paying agent and the noteholder for the 2004A Note are one in the same. The Council authorizes and directs the prepayment of the 2004A Note. The prepayment shall be effectuated by deposit with KNBT of the required amount to prepay the 2004A Note.

SECTION 26. The City does hereby covenant and agree, for the benefit of the holders of the Bonds from time to time, that it will comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (“SEC”) with respect to municipal securities disclosure, and will execute and comply with an appropriate Continuing Disclosure Certificate as approved by bond counsel as long as the Bonds are outstanding.

SECTION 27. In the event that any provision, section, sentence, clause or part of this Ordinance shall be held invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the City that such remainder shall be and shall remain in full force and effect.

SECTION 28. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

SECTION 29. This Ordinance shall be effective in accordance with the City's Home Rule Charter.

[remainder of page intentionally left blank]

ENACTED this ____ day of September, 2011.

(Deputy) Mayor

ATTEST:

(Assistant) City Clerk

(SEAL)

\$ _____
CITY OF EASTON
GENERAL OBLIGATION BONDS, SERIES OF 2011

MAXIMUM DEBT SERVICE SCHEDULE PARAMETERS

Maximum Principal: \$9,000,000

Maximum Annual Principal Payment: \$1,500,000

Maximum Interest rate per annum : 12%

SCHEDULE "A"

MANDATORY REDEMPTION

The Bonds are not subject to mandatory redemption

OR

The Bonds maturing on _____, are subject to mandatory redemption prior to maturity, as drawn by lot by the Paying Agent, or as applicable, will be payable at maturity, by application of money available for the purpose in the Sinking Fund established under the terms of Section _____ of this Ordinance, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption, as applicable, on _____ of the following years in the following principal amounts:

Year

Amount

In lieu of any such mandatory redemption, the Paying Agent may, at the request of the City , use funds in the Sinking Fund or other available funds to purchase Bonds which mature _____, in the open market at a price not exceeding par plus accrued interest on the Bonds so purchased, in which case such Bonds so purchased shall be delivered for cancellation. In the case of any such purchase, the City shall receive credit against its required mandatory sinking fund payments in the manner specified in a certificate of the City , or if no certificate is delivered, in inverse order thereof.

OPTIONAL REDEMPTION

The Bonds maturing on and after _____, shall be subject to redemption prior to maturity, at the option of the City, as a whole, or in part, in any order of maturities, on _____, or on any date thereafter, as directed by the City, and by lot within a maturity, in either case upon payment of a redemption price of 100% of the principal amount, plus accrued interest to the date fixed for redemption.

SCHEDULE "C"

NUNU

REGISTERED

REGISTERED

NUMBER

\$

GO-

UNITED STATES OF AMERICA
 COMMONWEALTH OF PENNSYLVANIA
 COUNTY OF NORTHAMPTON
 CITY OF EASTON
 GENERAL OBLIGATION BOND, SERIES OF 2011

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date of Series</u>	<u>Cusip</u>
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The CITY OF EASTON, Northampton County, Pennsylvania (the "City"), a body corporate and politic existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, promises to pay to the order of CEDE & CO. or registered assigns, on the maturity date stated hereon, upon presentation and surrender hereof, the sum of

DOLLARS

and to pay semiannually on May 15 and November 15 of each year, beginning May 15, 2012 to the registered owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated prior to May 15, 2012, in which event this Bond shall bear interest from its dated date, or unless, as shown by the records of the Paying Agent (hereinafter identified), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

This Bond is one of a series of bonds of the City, known generally as "General Obligation Bonds, Series of 2011" (the "Bonds"), stated to mature on _____ in the years _____ and _____ inclusive, in the aggregate principal amount of _____ (\$_____), authorized pursuant to an ordinance (the "Ordinance") of the City enacted September _____, 2011.

The proceeds of sale of the Bonds will be utilized to fund the Refunding Program and 2011 Capital Project as defined in the Ordinance.

The Bonds constitute general obligations of the City payable from its general revenues. The City has covenanted, in the Ordinance, to and with registered owners, from time to time, of the Bonds that shall be outstanding, that the City: (i) shall include the amount of the debt service for such Bonds, for each fiscal year of the City 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 with the Paying Agent under the Ordinance (the "Sinking Fund") or any other of its revenues or funds, the principal of each of such Bonds and the interest thereon on the dates and at the place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the City has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Paying Agent is required to pay from the Sinking Fund the principal of and interest on the Bonds as the same shall become due and payable.

The Bonds maturing on and after _____, shall be subject to redemption prior to maturity, at the option of the Authority, as a whole, or in part, in any order of

maturities on _____, or on any date thereafter, as directed by the Authority, and by lot within a maturity, in either case upon payment of a redemption price of 100% of principal amount, plus accrued interest to the date fixed for redemption.

The Bonds are not subject to mandatory redemption.

OR

The Bonds maturing on _____, are subject to mandatory redemption prior to maturity, as drawn by lot by the Paying Agent, or as applicable, will be payable at maturity, by application of money available for the purpose in the Sinking Fund established under the terms of Section _____ of the Ordinance, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption, as applicable, on _____ of the following years in the following principal amounts:

<u>Year</u>	<u>Amount</u>
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In lieu of any such mandatory redemption, the Paying Agent may, at the request of the City, use funds in the Sinking Fund or other available funds to purchase Bonds which mature _____, in the open market at a price not exceeding par plus accrued interest on the Bonds so purchased, in which case such Bonds so purchased shall be delivered for cancellation. In the case of any such purchase, the City shall receive credit against its required mandatory sinking fund payments in the manner specified in a certificate of the City, or if no certificate is delivered, in inverse order thereof.

The Bonds have been authorized for issuance in accordance with provisions of the Local Government Unit Debt Act (the "Act") of the Commonwealth and by virtue of the Ordinance. The Act, as such shall have been in effect when the Bonds were authorized, and the Ordinance shall constitute a contract between the City and registered owners, from time to time, of the Bonds.

The interest on this Bond, which is payable by check drawn on TD Bank, N.A., as paying agent, or its successors (the "Paying Agent"), and the principal of and premium, if any, on this Bond, which are payable upon surrender, are payable in lawful money of the United States of America, at the corporate trust office of the Paying Agent in Philadelphia, Pennsylvania. Payment of the interest hereon shall be made to the registered owner hereof whose name and address shall appear, at the close of business on fifteenth (15th) day (whether or not a business day) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the City shall be in default in payment of interest due on such interest payment date. In the event of such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

The Bonds are issuable only in the form of registered bonds, without coupons, in the

denominations of \$5,000 principal amount or any integral multiple thereof. Bonds may be exchanged for like aggregate principal amount of Bonds of other authorized denominations, of the same series and maturity. This Bond may be transferred or exchanged by the registered owner hereof upon surrender of this Bond to the Paying Agent, at its corporate trust office in Philadelphia, Pennsylvania, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series and maturity and form for the aggregate amount which the registered owner is entitled to receive at the earliest practicable time. The City and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

If this Bond is of a denomination larger than \$5,000, a portion of this Bond may be redeemed. For the purposes of redemption, this Bond shall be treated as representing that number of Bonds which is obtained by dividing the denomination hereof by \$5,000, each \$5,000 portion of this Bond being subject to redemption. In the case of partial redemption of this Bond, payment of the redemption price shall be made only upon surrender of this Bond

in exchange for Bonds of like form, series and maturity, of authorized denominations in aggregate amount equal to the unredeemed portion hereof.

Any redemption shall be made only after notice by mailing by first class mail a notice thereof to the registered owners of all Bonds to be redeemed and to any bond insurer then insuring the Bonds, not more than sixty (60) days nor less than thirty (30) days prior to the date fixed for redemption, at the address shown on the registration books, or after waivers of such notice executed by the registered owners of all Bonds to be redeemed shall have been filed with the Paying Agent, all as provided for in the Ordinance. Failure to mail any notice or any defect therein or in the mailing thereof, with respect to any particular Bond, shall not affect validity of the proceedings for redemption of any other Bond.

While the Bonds are registered in the name of Depository Trust Company ("DTC") or its nominee, Cede & Co., redemption notices shall be sent to DTC or its nominee. If less than all Bonds within a maturity are to be redeemed, which Bonds of such maturity are to be redeemed and which beneficial owners shall have their ownership interest in the Bonds redeemed shall be determined by DTC and the direct and indirect participants in DTC in accordance with their customary practices. If the Bonds are no longer registered in the name of DTC or its nominee, Bonds to be redeemed in the event of a partial redemption shall be determined by lot by the Paying Agent.

Any notice of redemption mailed in accordance with these requirements shall be conclusively presumed to have been duly given, whether or not such registered holder actually receives the notice. Notice having been so given or waived, and provision having been made for redemption from funds on deposit with the Paying Agent, all interest on the

Bonds called for redemption accruing after the date fixed for redemption shall cease, and the registered owners of the Bonds called for redemption shall have no security, benefit or lien under the Ordinance or any right except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

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 Bond or in creation of the debt of which this Bond 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 Bond, together with any other indebtedness of the City, is not in excess of any limitation imposed by the Act upon the incurring of debt by the City.

This Bond shall not be entitled to any benefit under the Ordinance nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent.

The City hereby designates the Bonds as Qualified Tax-Exempt Obligations pursuant to Section 265(b)(3) of the Code, and represents and covenants that the total amount of its obligations (and those obligations of any entity required to be aggregated with the City's) so designated and to be designated during the current year does not and will not exceed \$10,000,000.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name by the signature of the Mayor or Deputy Mayor, and its seal to be affixed hereto, attested by the signature of the (Assistant) City Clerk, all as of _____, 2011.

ATTEST:

CITY OF EASTON

City Clerk

BY: _____
(Deputy) Mayor

(SEAL)

CERTIFICATE OF AUTHENTICATION AND
CERTIFICATE AS TO OPINION AND
CERTIFICATE AS TO STATEMENT OF INSURANCE

It is certified that:

- (i) This Bond is one of the Bonds described in the within mentioned Ordinance;
- (ii) The text of the Opinion attached to this Bond is a true and correct copy of the text of an original Opinion issued by King, Spry, Herman, Freund & Faul, LLC dated and delivered on the date of the original delivery of, and payment for, such Bonds that is on file at our corporate trust office in Philadelphia, Pennsylvania where the same may be inspected;
- (iii) The original or a copy of the municipal bond insurance policy referred to in the statement of insurance attached to this Bond is on file at our corporate trust office in Philadelphia, Pennsylvania where the same may be inspected.

TD BANK, N.A.,
Paying Agent

BY: _____
Authorized Representative

Authentication Date

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, _____ (the "Transferor"),
hereby sells, assigns and transfers unto _____ (the "Transferee")

Name

Address

Social Security or Federal Employer Identification No. _____ the within
Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

as attorney to transfer the within Bond 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 Bond 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 Numbers and date of the trust and the name of the trustee should be supplied.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

STATEMENT OF INSURANCE

_____ (“_____”), a _____-domiciled insurance company, has delivered its financial guaranty insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to TD Bank, N.A., Philadelphia, Pennsylvania, or its successor, as paying agent for the Bonds (the “Paying Agent”). Such policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from _____ or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of _____ as more fully set forth in the Policy.

BOND INSURANCE

The City does hereby accept the commitment letter (the "Commitment") of _____ ("_____") to insure the Bonds. The Mayor or Deputy Mayor of the City is hereby authorized to execute the Commitment. The City shall make payment of the insurance premium to _____ at Settlement in the amount set forth in the schedule of issuance expenses attached to the Financing Study presented by the Financial Consultant. The provisions of the Commitment and the sheets attached hereto (if any) are hereby adopted as covenants of the City, and/or may be incorporated in the City's agreement with the Paying Agent to the extent appropriate.