

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

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ORDINANCE NO. 61601  
Bill No. 1529-10

OF THE CITY OF WILLIAMSPORT, LYCOMING COUNTY, PENNSYLVANIA, AUTHORIZING AND SECURING THE ISSUANCE OF A GENERAL OBLIGATION NOTE, SERIES OF 2010, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO ACQUIRE, CONSTRUCT AND IMPROVE THE CHURCH STREET TRANSPORTATION CENTER, TRADE AND TRANSIT CENTRE EXPANSION, AND OTHER APPROVED CENTRAL BUSINESS DISTRICT PROJECTS, AND TO PAY RELATED COSTS AND EXPENSES; ACCEPTING A BANK LOAN PROPOSAL; SETTING FORTH THE TERMS AND CONTAINING THE FORM OF THE NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY FOR THE NOTE; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS CITY TO SECURE THE NOTE; AND AUTHORIZING RELATED ACTIONS AND DOCUMENTS.

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WHEREAS, the Council and Mayor of the City of Williamsport, Lycoming County, Pennsylvania (the "City"), in contemplation of the sale and issuance of a general obligation note, in the maximum principal amount of Five Million Dollars (\$5,000,000), to provide financing for the Project (hereinafter defined), has determined that such general obligation note should be offered at private sale by negotiation; and

WHEREAS, this City has obtained bids or professional cost estimates, as such costs are defined in the Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") known as the Local Government Unit Debt Act (the "Act"), for the Project

(hereinafter defined) to be financed, and has determined that such costs will be at least \$5,000,000; and

**WHEREAS**, a written loan proposal (the "Proposal") has been requested and received from Manufacturers and Traders Trust Company (the "Bank"), having an office in Williamsport, Pennsylvania; and

**WHEREAS**, this City desires to accept the loan proposal of the Bank, to award the Note (hereinafter defined) to the Bank, at private sale by negotiation, and to incur nonelectoral debt in the amount of \$5,000,000 in connection with the Project (hereinafter defined), in the form of a general obligation note, pursuant to provisions of the Act.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED**, by the Council and Mayor of the City, as follows:

**SECTION 1.** This City hereby authorizes the issuance of its General Obligation Note, Series of 2010 (the "Note"), to the Bank, pursuant to and secured by this Ordinance. The Note shall be in the maximum principal amount of Five Million Dollars (\$5,000,000), in accordance with the Act. The Note shall be issued to acquire, construct and improve the Church Street Transportation Center, Trade and Transit Centre expansion and other approved Central Business District Projects and to pay related costs and expenses (the "Project").

**SECTION 2.** This City expresses its finding that it is in its best financial interests to sell the Note in a private sale by negotiation and determines that the debt, of which the Note shall be evidence, to be incurred pursuant to this Ordinance shall constitute nonelectoral debt of this City.

**SECTION 3.** The reasonably estimated useful life of the facilities to be constructed as part of the Project is at least eighteen (18) years.

**SECTION 4.** This City hereby accepts the Proposal of the Bank to purchase the Note, the original of which shall be placed on file with the City Clerk, at a total purchase price of \$5,000,000 (100% of principal amount).

**SECTION 5.** The Note, when issued, will be a general obligation note of this City.

**SECTION 6.** The Note shall be stated to mature following up to a three-year draw down period (subject to the limitations of Section 8142(c) of the Act) and a fifteen-year repayment period at the variable, maximum and minimum rates described in the substantial form of the Note attached hereto as Exhibit "A", with appropriate insertions, omissions and variations. Interest on the outstanding principal balance of the Note shall be payable quarterly during the draw down period, and semiannually during the repayment period, until the Note matures, or until any earlier date upon which the principal amount of the note is repaid in full or, in the event that the Note duly shall have been called for previous prepayment in full, and prepayment of the Note shall have been made or duly provided for, until the date fixed for prepayment. The maximum amounts due in each fiscal year of this City under the Note are in the estimated amounts set forth in the attached Exhibit "B." Principal of the Note shall be advanced by the Bank, from time to time, on a draw down, line of credit basis, for a period of up to three years (subject to the limitations of Section 8142(c) of the Act) the following the issuance of the Note.

**SECTION 7.** The Note shall be subject to prepayment prior to maturity, at the option of this City, under the conditions and at the times described in the Note. Any prepayment

of the Note shall be upon written notice addressed to the Bank at the time of such prepayment, as such address shall appear on the books of this City to be kept by the Bank, as registrar, for such purpose, by deposit of such written notice in the United States mail at least ten (10) days prior to the date designated for prepayment. If the principal of the Note has been repaid in full, the Note shall cease to be entitled to any benefit or security under this Ordinance, and Bank or other registered owner of the Note shall have no further rights with respect thereto.

**SECTION 8.** The principal of and interest on the Note shall be payable at the principal office or at any branch office of the Bank in lawful money of the United States of America.

**SECTION 9.** The Note shall be executed in the name of and on behalf of this City by the Mayor and City Controller of this City and the official seal of this City shall be affixed thereto and signed by the City Clerk in attestation thereof. Said officers are authorized to execute and to attest, as applicable, the Note.

**SECTION 10.** This City covenants to and with registered owners, from time to time, of the Note outstanding, from time to time, pursuant to this Ordinance, that this City: (i) shall include the amount of the debt service for the Note, for each fiscal year of this 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 created pursuant to Section 11 hereof or any other of its revenues or funds the principal of the Note and the interest thereon at 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.

**SECTION 11.** There is created, pursuant to Section 8221 of the Act, a sinking fund for the Note, to be known as “Sinking Fund - General Obligation Note, Series of 2010” (the “Sinking Fund”), which shall be established and administered in accordance with applicable provisions of the Act. This City hereby appoints the Bank as the sinking fund depository with respect to the Sinking Fund. The President or Vice President of the Council and the City Clerk, respectively, of this City are authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the Sinking Fund and to establish a construction account to receive and administer the proceeds of the Note and related funds.

This City covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such annual amounts as shall be sufficient for prompt and full payment of all obligations of the Note when due.

**SECTION 12.** The Mayor and the City Clerk, respectively, of this City, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to certify and to file with the Department the debt statement required by the Act; (b) to prepare 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 Note, upon issue, will be evidence, as required by the Act; (c) to prepare and to file, if applicable, any statements required by the Act that are necessary to qualify all or any portion of nonelectoral and/or lease rental debt of this City that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (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. Said officers of this City are authorized and directed to prepare an appropriate borrowing base certificate to be appended to the debt statement authorized herein.

**SECTION 13.** It is declared that the debt to be incurred hereby, together with any other indebtedness of this City, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by this City, which is evidenced by the Note.

**SECTION 14.** The City Clerk is authorized and directed to deliver the Note, after proper execution and attestation thereof as provided for herein, to the Bank, but only after the Department has certified its approval pursuant to Section 8204 of the Act.

**SECTION 15.** This City covenants that it will make no use of the proceeds of the Note that would cause it to be or become an “arbitrage bond” within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations implementing said Sections that duly have been published in the Federal Register or with any other regulations implementing said Sections, and this City further covenants to comply with all other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on the Note.

This City determines that it does not reasonably expect to issue tax-exempt obligations, together with all tax-exempt obligations reasonably expected to be issued by “all subordinate entities” (within the meaning of Section 265(b)(3)(E) of the Code) of this City, which, in the aggregate, exceed or will exceed Thirty Million Dollars (\$30,000,000) during the 2010 calendar year (excluding obligations issued to refund (other than to advance refund) any obligation

to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation) and, accordingly, this City hereby designates the Note as a “qualified tax-exempt obligation”, as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

**SECTION 16.** In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this City that such remainder shall be and shall remain in full force and effect.

**SECTION 17.** All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

**SECTION 18.** This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ENACTED AND ORDAINED, by the Council of the City of Williamsport,  
Lycoming County, Pennsylvania, in lawful session duly assembled, this 1<sup>st</sup> day of April, 2010.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

By   
(Vice) President of Council  
of the City

ATTEST:

City Clerk

(SEAL)

DULY EXAMINED AND APPROVED this 1<sup>st</sup> day of April, 2010.

4-1-2010

Mayor of the City of Williamsport

**EXHIBIT "A"**

[FORM OF NOTE]

\$5,000,000.00

**CITY OF WILLIAMSPORT,  
LYCOMING COUNTY, PENNSYLVANIA**

**GENERAL OBLIGATION NOTE, SERIES OF 2010**

The CITY OF WILLIAMSPORT, in Lycoming County, Pennsylvania (the "City"), a city of the third class of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of MANUFACTURERS AND TRADERS TRUST COMPANY (the "Bank"), or registered assigns, on \_\_\_\_\_ (the "Maturity Date"), unless this General Obligation Note, Series of 2010 (the "Note"), shall have been prepaid in full, the maximum principal amount of Five Million Dollars (\$5,000,000), or such lesser particular sum as is advanced hereunder, from time to time, upon requisition of the City, on a draw-down, *line of credit basis*, through the "Amortization Commencement Date," which date shall be the later of the second anniversary of the issuance of this Note or the first anniversary of the completion of construction of the project being financed with the proceeds of this Note (but not later than the third anniversary of the issuance of this Note), or such earlier date as may be requested by the City. Interest on this Note shall accrue during a draw down period, beginning on the date of issuance of this Note and ending on the Amortization Commencement Date (the "Draw-down Period"), at the Draw-down Rate (hereinafter defined), calculated to be in effect from time to time, payable quarterly beginning \_\_\_\_\_, 2010, and on the same day of each third month thereafter and payable on the Amortization Commencement Date. Interest on this Note shall

EXHIBIT "A"

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accrue during the 15 year period following the Amortization Commencement Date at the Amortization Rate (hereinafter defined), calculated to be in effect from time to time, payable semiannually, together with principal and amortization installments calculated through the Maturity Date, beginning on the first day of the seventh month following the Amortization Commencement Date and on the first day of each sixth month thereafter until the Maturity Date or until any earlier date upon which all sums due hereon are paid in full.

Should any date on which interest is to be paid not be a Business Day (defined as any day other than a Saturday, Sunday or legal holiday), the interest payment will be made on the first Business Day following the regularly scheduled date on which interest is to be paid.

Interest shall accrue on the outstanding principal balance of this Note during the Draw-down Period (the "Draw-down Rate") from and including the first day of each "Interest Period" until, but not including, the last day of such Interest Period or the day the outstanding principal amount of this Note is paid in full (if sooner), at a rate per annum equal to 65% of the sum of "one-month LIBOR" plus 3.0% (computed on an actual days/360 day year basis).

For purposes of this Note, "Interest Period" shall mean the period commencing on the date of this Note and ending on the date that shall be the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) of the calendar month that is one month thereafter; provided, however, that if an Interest Period would end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day. To the extent that the preceding clause results in either the extension or shortening of an Interest Period, the Bank shall have the right (but

not the obligation) to shorten or extend, respectively, the succeeding Interest Period so that it shall end on a day that numerically corresponds to the date of this Note.

The interest rate applicable to this Note following the Amortization Commencement Date (the "Amortization Rate" and, together with the "Draw-down Rate," the "Tax Free Rate") shall be equal to 65% of the sum of the Bank's "Five Year Cost of Funds" in effect on the Amortization Date plus 3.0%, and such Amortization Rate shall apply until the fifth anniversary of the Amortization Commencement Date. Beginning on the fifth anniversary of the Amortization Commencement Date, and every five years thereafter, the Amortization Rate shall adjust to equal 65% of the sum of the Bank's Five Year Cost of Funds on such dates, plus 3%.

For purposes of this Note, "Five Year Cost of Funds" shall mean the sum of the yield on United States Treasury Obligations adjusted to a constant maturity of five years in effect two Business Days prior to the applicable adjustment date as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the Bank, plus the "ask side of the five year swap spread in effect two Business Days prior to the applicable adjustment date, as set forth in Bloomberg, L.P. or such other quoting service, index or commonly available service utilized by the Bank.

For purposes of this Note, "one-month LIBOR" or "LIBOR" shall mean the rate per annum (rounded upward, if necessary, to the nearest 1/16<sup>th</sup> of 1%) obtained by dividing (i) the one-month interest period London Interbank Offered Rate fixed by the British Bankers Association for United States dollar deposits in the London interbank market at approximately 11:00 a.m. London, England time (or as soon thereafter as practicable) as determined by the

Bank from any broker, quoting service or commonly available source utilized by the Bank by (ii) a percentage equal to 100% minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency Liabilities" as specified in Regulation D (or against any other category of extensions of credit or other assets which includes loans by a non-United States' office of a bank to United States residents) on such date to any member bank of the Federal Reserve System. Notwithstanding any provision above, the practice of rounding to determine LIBOR may be discontinued at any time in the Bank's sole discretion.

If the Bank shall determine that for any reason adequate and reasonable means do not exist for ascertaining LIBOR for purposes of calculating the Draw-down Rate or the Taxable Rate (hereinafter defined), the Bank will give notice of such determination to the City. Thereafter, the Bank may not maintain the loan hereunder at the Draw-down Rate or the Taxable Rate until the Bank revokes such notice in writing. Upon receipt of such notice, any notice of conversion to the Draw-down Rate or the Taxable Rate received from the City shall be deemed withdrawn, and the City may revoke any pending request the City previously made for the Draw-down Rate or the Taxable Rate. If the City does not revoke any such request, the City may continue to draw on the Note in the amount specified in the applicable request submitted by the City, but the Note shall be continued at the Base Rate (hereinafter defined) instead of the Draw-down Rate, or at the Prime Rate (hereinafter defined) instead of the Taxable Rate.

For purposes of this Note, "Base Rate" shall mean 113 percentage points below the rate of interest announced by the Bank from time to time as its prime rate of interest (the "Prime Rate"). While in the Base Rate or the Prime Rate, interest shall accrue each day, from and including the first date the Base Rate or the Prime Rate apply to this Note to, but not

including, the date the outstanding balance of this Note is paid in full under the Base Rate or the Prime Rate, at a rate per annum equal to the Base Rate or the Prime Rate in effect each day. Any change in the Base Rate resulting from a change in the Prime Rate shall be effective on the date of such change.

If the Bank shall determine that the introduction of any law (statutory or common), treaty, rule, regulation, guideline or determination of an arbitrator or of a governmental authority or in the interpretation or administration thereof, has made it unlawful, or that any central bank or other governmental authority has asserted that it is unlawful for the Bank to make loans at based on LIBOR then, on notice thereof by the Bank to the City, the Bank may suspend the maintaining of the loan hereunder at the LIBOR rate until the Bank shall have notified the City that the circumstances giving rise to such determination shall no longer exist. If the Bank shall determine that it is unlawful to maintain the loan hereunder based on LIBOR, the Bank may convert the interest rate from the LIBOR rate to the Base Rate or the Prime Rate, as applicable.

So long as no Determination of Taxability (as defined below) has occurred, interest upon the principal hereof shall be paid at the Tax Free Rate. However, upon the occurrence of such Determination of Taxability, interest shall accrue on the unpaid principal balance of this Note at the Taxable Rate (hereinafter defined). Installments of principal and interest shall continue to be due and payable as provided above; provided, however, that in addition to the foregoing payments of principal and interest, whenever the amount of the foregoing payment of principal and interest was determined based on the Tax Free Rate, the City shall pay to the Bank an additional installment of interest which shall be equal to the difference between (i) the interest on

the unpaid principal balance of this Note at the Taxable Rate, and (ii) interest on the unpaid principal balance of this Note at the then applicable Tax Free Rate. During the Draw-down Period, the Taxable Rate shall be equal to the sum of LIBOR plus 3% (calculated on a 360/360-day basis). Following the Amortization Commencement Date, the Taxable Rate shall be equal to the Bank's Five Year Costs of Fund plus 3%.

For purposes of this Note, "Determination of Taxability" shall mean (a) the issuance by the Internal Revenue Service to the Bank or other holder of this Note of a letter proposing to assess a deficiency with respect to the interest on this Note (a "30-Day Letter"), the receipt of which shall establish that an Event of Taxability with respect to the Note has occurred; or (b) the delivery of written notice to the Borrower by the Bank or other holder of this Note declaring that an Event of Taxability has occurred on a specified date (other than by reason of the event described in (a) above).

For purposes of this Note, "Event of Taxability" shall mean (a) a change in law or fact (or the interpretation thereof), (b) the occurrence or recognition of a fact, circumstance or situation, (c) a determination, regulation, ruling or decision issued and made in regard to Sections 103, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150 or 265 or any other provision of the Code (hereinafter defined) relating to the tax-exempt instruments by any court or judicial or quasi-judicial body or by the Commissioner or any district director of the Internal Revenue Service, or (d) the enactment, amendment or adoption of any law, by which, with respect to any of the foregoing, recognized bond counsel selected by the Bank (which counsel may be the Bank's counsel) is of the opinion that (i) the Bank is or has become subject to any taxes, income or otherwise, to which it would not be subject to or incur if it did not hold the Note or receive interest income therefrom,

including the inclusion of interest payable on the Note in the gross income of the Bank or (ii) the Note is not a "qualified tax-exempt obligation" under Section 265 of the Code or there is any limitation on or whole or partial disallowance of deductions of interest on funds borrowed to acquire or carry the Note applicable to tax-exempt obligations.

Upon the occurrence of an Event of Default (hereinafter defined), and including any failure to pay upon maturity, the Bank may, at its option, if permitted under applicable law, increase the interest rate on this Note to a rate equal to the Default Rate, commencing on the date of the Bank's election until the Event of Default is cured. The Default Rate shall be equal to the then applicable interest rate plus 5%.

The following constitute an Event of Default: (i) failure by the City to make any payment when due (whether at the stated maturity, by acceleration or otherwise) of the amounts due under this Note, or any part thereof, or there occurs any event or condition which after notice, lapse of time or both will permit such acceleration; (ii) the City defaults in the performance of any covenant or other provision with respect to this Note, the Loan Agreement (hereinafter defined) or any other agreement between the City and the Bank or any of its affiliates or subsidiaries (collectively, "Affiliate"); (iii) the City fails to pay when due (whether at the stated maturity, by acceleration or otherwise) any indebtedness for borrowed money owing to the Bank (other than under this Note), any third party or Affiliate or the occurrence of any event which could result in acceleration of payment of any such indebtedness or the failure to perform any agreement with any third party or Affiliate; (iv) the reorganization, merger, consolidation or dissolution of the City (or the making of any agreement therefor); the sale, assignment, transfer or delivery of all or substantially all of the assets of the City to a third

party; or the cessation by the City as a going business concern; (v) failure to pay, withhold or collect any tax as required by law; the service or filing against the City or any of its assets of any lien (other than a lien permitted in writing by the Bank), judgment, garnishment, order or award; (vi) if the City becomes insolvent or is generally not paying its debts as such debts become due; (vii) the making of any general assignment by the City for the benefit of creditors; the appointment of a receiver or similar trustee for the City or its assets; or the making of any, or sending notice of any intended, bulk sale; (viii) the City commences, or has commenced against it, any proceeding or request for relief under any bankruptcy, insolvency or similar laws now or hereafter in effect in the United States of America or any state or territory thereof or any foreign jurisdiction or any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the City; (ix) any representation or warranty made in this Note, any related document, any agreement between the City and the Bank or any Affiliate or in any financial statement of the City proves to have been misleading in any material respect when made; the City omits to state a material fact necessary to make the statements made in this Note, any related document, any agreement between the City and the Bank or any Affiliate or any financial statement of the City not misleading in light of the circumstances in which they were made; or, if upon the date of execution of this Note, there shall have been any material adverse change in any of the facts disclosed in any financial statement, representation or warranty that was not disclosed in writing to the Bank at or prior to the time of execution hereof; (x) any pension plan of the City fails to comply with applicable law or has vested unfunded liabilities that, in the opinion of the Bank, might have a material adverse effect on the City's ability to repay its debts; (xi) an adverse change in the City, its business, assets,

operations, management, ownership, affairs or condition (financial or otherwise) from the status shown on any financial statement or other document submitted to the Bank or any Affiliate, and which change the Bank determines will have a material adverse effect on (a) the City, its business, assets, operations or condition (financial or otherwise), or (b) the ability of the City to pay or perform any obligation to the Bank; (xii) the occurrence of any event described in subparagraph (i) through and including (xiii) hereof with respect to any guarantor or any other party liable for, or whose assets or any interest therein secures, payment of any of the amounts due under this Note ("Guarantor"); (xiv) the City fails to supply new or additional collateral within ten (10) days of request by the Bank; or (xv) the Bank in good faith deems itself insecure with respect to payment or performance under this Note.

For purposes of this Note, "Loan Agreement" shall mean that Loan Agreement, dated the date hereof, between the City and the Bank, as may be amended or modified from time to time.

Upon the occurrence of any Event of Default, the Bank without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon the City or any other person (all and each of which demands, presentments, protests, advertisements and notices are hereby waived), may exercise all rights and remedies under the City's agreements with the Bank or its Affiliates, applicable law, in equity or otherwise and may declare all or any part of any amounts due hereunder not payable on demand to be immediately due and payable without demand or notice of any kind and terminate any obligation it may have to grant any additional loan, credit or other financial accommodation to the City. All or any part of any amounts due hereunder whether or not

payable on demand, shall be immediately due and payable automatically upon the occurrence of an Event of Default in sub-paragraph (viii) above, or at the Bank's option, upon the occurrence of any other Event of Default. The provisions hereof are not intended in any way to affect any rights of the Bank with respect to any amounts due hereunder which may now or hereafter be payable on demand.

Notwithstanding the foregoing provisions, the effective rate of interest applicable to this Note at any time shall not exceed 15.0%, or be less than 2.25%, per annum when in the Tax Free Rate or 3.25%, per annum when in the Taxable Rate.

Payments shall be made in immediately available United States funds at any banking office of the Bank. Interest will continue to accrue until payment is actually received. If payment is not received within five days of its due date, the City shall pay a late charge equal to the greatest of (a) 5% of the delinquent amount, (b) the Bank's then-current late charge as announced from time to time, or (c) 50.00. Payments may be applied in any order in the sole discretion of the Bank but, prior to default, shall be applied first to past due interest, Expenses, late charges and principal, then to current interest, Expenses, late charges and principal, and last to remaining principal.

Subject to the following, this Note may be prepaid prior to maturity, at the option of the City, as a whole or in part, on any date prior to and on the Amortization Date and on the fifth and tenth year anniversary dates thereafter, when the Amortization Rate is subject to adjustment, without premium or penalty, provided the City gives thirty (30) days advance notice to the Bank of its intent to make such prepayment of principal.

If the City prepays, in whole or in part, any principal amount, when the applicable

rate is LIBOR, on any day other than the last day of an Interest Period, or the applicable rate is converted from LIBOR to the Base Rate or the Prime Rate, when LIBOR is unavailable or cannot be used, before the end of an Interest Period, then the City shall be liable for and shall pay the Bank, on demand, the higher of \$250.00 or the actual amount of the liabilities, expenses, costs or funding losses that are a direct or indirect result of such prepayment or other condition described above, whether such liability, expense, cost or loss is by reason of (a) any reduction in yield, by reason of the liquidation or reemployment of any deposit or other funds acquired by the Bank, (b) the fixing of the interest rate payable on any LIBOR loan or (c) otherwise (collectively, the "Breakage Fee"). The determination by the Bank of the foregoing amount shall, in the absence of manifest error, be conclusive and binding upon the City.

Upon making any prepayment of the principal amount in full, the City shall pay to the Bank all interest and expenses owing pursuant to the Note and remaining unpaid. Each partial prepayment of the principal amount shall be applied in inverse order of maturity to the principal included in the installment payments provided for herein.

In the event the Maturity Date is accelerated following an Event of Default, any tender of payment of the amount necessary to satisfy the entire indebtedness made after such Event of Default shall be expressly deemed a voluntary prepayment. In such a case, to the extent permitted by law, the Bank shall be entitled to the amount necessary to satisfy the entire indebtedness, plus the appropriate prepayment premium calculated in accordance with the terms of this Note.

Following the Amortization Commencement Date, the City may prepay on a date prior to the date the principal payment would be otherwise due hereunder, in whole or in part, any

of the outstanding principal of the Note provided that together with such prepayment, the City shall pay to the Bank a premium greater of (a) one percent (1%) of the principal sum being prepaid, or (b) an amount equal to the difference between the Five Year Treasury Rate, plus the Ask Side of the Swap Spread, which was utilized to determine the then applicable rate of interest for the Loan being prepaid and the then most recent yield on the United States Treasury Obligations adjusted to a constant maturity having a term most nearly corresponding to the term remaining from the date of such prepayment to the next date on which the rate of interest for the Loan is to be set, plus the Bid Side of the Swap Spread, as hereinabove set forth, or if such interest rate is not to be reset at the end of the Term, in effect two (2) business days prior to the prepayment date as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the rate of interest is to be reset as hereinabove set forth or, if such interest rate is not to be reset, the end of the Term, and the denominator of which is 365, multiplied by (iii) the principal sum being so prepaid. This will be based upon the Note rate (adjusted to a bank qualified tax-free equivalent basis if the Tax Free Rate is in effect).

Any prepayment, as hereinbefore authorized, in whole, shall be upon written notice addressed to the registered owner hereof at the time of such prepayment, as such registered owner and address shall appear upon books of the City to be kept by the Bank for such purpose, by deposit of such written notice in the United States mail at least ten (10) days prior to the date designated for prepayment. On the date designated for prepayment, notice having been given as aforesaid, and money for payment of the principal and accrued interest being held by the Bank, interest hereon or on any part of the principal hereof so called for prepayment, as applicable, shall

cease to accrue. If this Note shall have been repaid in full, this Note shall cease to be entitled to any benefit or security under the Ordinance (hereinafter defined) authorizing issuance of this Note, and the registered owner of this Note shall have no rights with respect thereto.

This Note is issued in accordance with provisions of the Act of the General Assembly of the Commonwealth known as the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), and by virtue of Ordinance No. \_\_\_\_\_ (the "Ordinance") of the City. The Act, as such shall have been in effect when this Note was authorized, and the Ordinance shall constitute a contract between the City and the registered owner or registered owners, from time to time, of this Note.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the City, is not in excess of any applicable limitation imposed by the Act upon the incurring of the debt of the City which is evidenced by this Note.

The City has covenanted, in the Ordinance, to and with registered owners, from time to time, of this Note, outstanding, from time to time, pursuant to the Ordinance, that the City: (i) shall include the amount of the debt service for this Note, 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 under the Ordinance or any other of its revenues or funds the principal of this Note and the interest thereon at the dates and place and in

the manner stated herein, according to the true intent and meaning hereof; and, for such budgeting, appropriation and payment, the City has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the City shall be enforceable specifically.

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

*This Note has been designated by the City as a "qualified tax-exempt obligation", as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).*

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

IN WITNESS WHEREOF, the CITY OF WILLIAMSPORT, Lycoming County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed by the Mayor and City Controller of the City and the official seal of the City to be affixed hereto and executed by the City Clerk in attestation thereof, all as of the 1<sup>st</sup> day of April, 2010.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

4-1-2010

By: Gabe Campana  
Mayor

By: Margaret J. Goodring  
Controller

ATTEST:

Stephanie M. Muehler  
City Clerk

(SEAL)

---

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS PAYING AGENT, OR OF ANY SUCCESSOR PAYING AGENT, ACTING AS REGISTRAR, ON BEHALF OF THE CITY OF WILLIAMSPORT, LYCOMING COUNTY, PENNSYLVANIA

Date of Registry	Name of Registered Owner	Registrar (Authorized Representative)
_____, 2010	Manufacturers and Traders Trust Company	Manufacturers and Traders Trust Company

**EXHIBIT "B"**

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania  
\$5,000,000 Maximum Principal Amount  
General Obligation Note, Series of 2010

<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
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SEE ATTACHED SHEET<sup>1</sup>

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<sup>1</sup>Assumes the following: (a) the Note is issued by the City to the Bank on May 1, 2010, and the entire principal amount is advanced on that date; (b) the Note accrues interest at the maximum rate of 15.00%, per annum during the 18-year term; (c) interest is payable on February 1, May 1, August 1 and November 1 of each year during the three-year Draw-down Period; (d) principal and interest is payable in semiannual installments during the Amortization Period on May 1 and November 1 of each year, beginning on November 1, 2013, in the amounts specified; and (e) the Note matures and the remaining balance is due in full on May 1, 2028.

City of Williamsport GO Note 2010

Compound Period: Monthly

Nominal Annual Rate: 15.000 %

CASH FLOW DATA

	<b>Event</b>	<b>Date</b>	<b>Amount</b>	<b>Number</b>	<b>Period</b>	<b>End Date</b>
1	Loan	05/01/2010	5,000,000.00	1		
2	Payment	08/01/2010	Interest Only	12	Quarterly	05/01/2013
3	Payment	11/01/2013	433,218.01	30	Semiannual	05/01/2028

AMORTIZATION SCHEDULE - Normal Amortization

	<b>Date</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Loan	05/01/2010				5,000,000.00
1	08/01/2010	189,853.52	189,853.52	0.00	5,000,000.00
2	11/01/2010	189,853.52	189,853.52	0.00	5,000,000.00
2010 Totals		379,707.04	379,707.04	0.00	
3	02/01/2011	189,853.52	189,853.52	0.00	5,000,000.00
4	05/01/2011	189,853.52	189,853.52	0.00	5,000,000.00
5	08/01/2011	189,853.52	189,853.52	0.00	5,000,000.00
6	11/01/2011	189,853.52	189,853.52	0.00	5,000,000.00
2011 Totals		759,414.08	759,414.08	0.00	
7	02/01/2012	189,853.52	189,853.52	0.00	5,000,000.00
8	05/01/2012	189,853.52	189,853.52	0.00	5,000,000.00
9	08/01/2012	189,853.52	189,853.52	0.00	5,000,000.00
10	11/01/2012	189,853.52	189,853.52	0.00	5,000,000.00
2012 Totals		759,414.08	759,414.08	0.00	
11	02/01/2013	189,853.52	189,853.52	0.00	5,000,000.00
12	05/01/2013	189,853.52	189,853.52	0.00	5,000,000.00
13	11/01/2013	433,218.01	386,915.90	46,302.11	4,953,697.89
2013 Totals		812,925.05	766,622.94	46,302.11	

14	05/01/2014	433,218.01	383,332.90	49,885.11	4,903,812.78
15	11/01/2014	433,218.01	379,472.63	53,745.38	4,850,067.40
2014 Totals		866,436.02	762,805.53	103,630.49	
16	05/01/2015	433,218.01	375,313.64	57,904.37	4,792,163.03
17	11/01/2015	433,218.01	370,832.82	62,385.19	4,729,777.84
2015 Totals		866,436.02	746,146.46	120,289.56	
18	05/01/2016	433,218.01	366,005.25	67,212.76	4,662,565.08
19	11/01/2016	433,218.01	360,804.12	72,413.89	4,590,151.19
2016 Totals		866,436.02	726,809.37	139,626.65	
20	05/01/2017	433,218.01	355,200.50	78,017.51	4,512,133.68
21	11/01/2017	433,218.01	349,163.26	84,054.75	4,428,078.93
2017 Totals		866,436.02	704,363.76	162,072.26	
22	05/01/2018	433,218.01	342,658.83	90,559.18	4,337,519.75
23	11/01/2018	433,218.01	335,651.07	97,566.94	4,239,952.81
2018 Totals		866,436.02	678,309.90	188,126.12	
24	05/01/2019	433,218.01	328,101.03	105,116.98	4,134,835.83
25	11/01/2019	433,218.01	319,966.75	113,251.26	4,021,584.57
2019 Totals		866,436.02	648,067.78	218,368.24	
26	05/01/2020	433,218.01	311,203.00	122,015.01	3,899,569.56
27	11/01/2020	433,218.01	301,761.10	131,456.91	3,768,112.65
2020 Totals		866,436.02	612,964.10	253,471.92	
28	05/01/2021	433,218.01	291,588.54	141,629.47	3,626,483.18
29	11/01/2021	433,218.01	280,628.80	152,589.21	3,473,893.97
2021 Totals		866,436.02	572,217.34	294,218.68	
30	05/01/2022	433,218.01	268,820.96	164,397.05	3,309,496.92
31	11/01/2022	433,218.01	256,099.40	177,118.61	3,132,378.31
2022 Totals		866,436.02	524,920.36	341,515.66	
32	05/01/2023	433,218.01	242,393.40	190,824.61	2,941,553.70
33	11/01/2023	433,218.01	227,626.78	205,591.23	2,735,962.47
2023 Totals		866,436.02	470,020.18	396,415.84	
34	05/01/2024	433,218.01	211,717.48	221,500.53	2,514,461.94
35	11/01/2024	433,218.01	194,577.06	238,640.95	2,275,820.99
2024 Totals		866,436.02	406,294.54	460,141.48	

EXHIBIT "B"

36	05/01/2025	433,218.01	176,110.27	257,107.74	2,018,713.25
37	11/01/2025	433,218.01	156,214.45	277,003.56	1,741,709.69
2025 Totals		866,436.02	332,324.72	534,111.30	
38	05/01/2026	433,218.01	134,779.04	298,438.97	1,443,270.72
39	11/01/2026	433,218.01	111,684.88	321,533.13	1,121,737.59
2026 Totals		866,436.02	246,463.92	619,972.10	
40	05/01/2027	433,218.01	86,803.62	346,414.39	775,323.20
41	11/01/2027	433,218.01	59,996.98	373,221.03	402,102.17
2027 Totals		866,436.02	146,800.60	719,635.42	
42	05/01/2028	433,218.01	31,115.84	402,102.17	0.00
2028 Totals		433,218.01	31,115.84	402,102.17	
Grand Totals		15,274,782.54	10,274,782.54	5,000,000.00	

Last interest amount decreased by 0.10 due to rounding.

**CERTIFICATE**

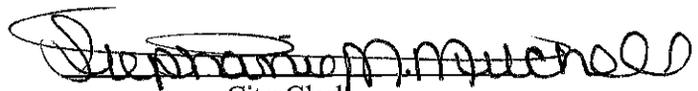
I, the undersigned, City Clerk of the City of Williamsport, Lycoming County, Pennsylvania (the "City"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by affirmative vote of a majority of all members of the Council of the City, in accordance with law, at a meeting duly held on April 1, 2010, at which meeting a quorum was present; said Ordinance duly was examined and approved by the Mayor of the City on April 1, 2010; said Ordinance has been certified and recorded by me, as Clerk of the City, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 61601; the total number of members of the Council of the City is seven (7); the vote of the members of the Council of the City, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as City Clerk, as follows:

J. Marlyne Whaley	-	yes
William J. Hall	-	yes
Geralyn Fausnaught	-	yes
Randall J. Allison	-	yes
N. Clifford Smith	-	absent
Elizabeth Miele	-	yes
Jonathan Williamson	-	yes ;

said Ordinance has been advertised, as required by law, in a newspaper of general circulation in the City; and said Ordinance has not been amended, altered or repealed as of the date of this Certificate.

I further certify that the Council of the City met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. Ch. 7, by posting prominently a notice of said meeting at the principal office of the City or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with such Act.

**IN WITNESS WHEREOF**, I set my hand and affix the official seal of the City, this 1<sup>st</sup> day of April, 2010.

  
City Clerk

(SEAL)



Jens H. Damgaard  
ph (717) 231-6621  
fx (717) 724-8421  
jdamgaard@rhoads-sinon.com

March 26, 2010

FILE NO: 5955/2

**Re: M&T Bank Loans**

---

Ms. Stephanie M. Mitchell, City Clerk  
City of Williamsport  
245 West Fourth Street  
Williamsport, PA 17701

**VIA E-MAIL TRANSMISSION:**  
**cityclerk@cityofwilliamsport.org**

Dear Stephanie:

For the City to authorize issuance of the \$5,000,000 General Obligation Note, Series of 2010 and \$1,000,000 General Obligation Note, Series A of 2010 (the "Notes") to finance improvements to the approved Central Business District Projects, the Council must first undertake debt proceedings for review by the Pennsylvania Department of Community and Economic Development, and incur nonelectoral indebtedness evidenced by the Notes.

The procedure for incurring debt is governed by the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82. Section 8003 of the Act provides that prior to the enactment of an Ordinance authorizing the debt, the issuer is required to advertise its intention to enact the Ordinance at least three days and not more than 30 days prior to the date the Ordinance will be enacted in final form. The Notice evidencing the intent to enact the Ordinance is required to be advertised at least one time in a newspaper published or of general circulation in the City. We have prepared such Notices for the two Ordinances (copied to you on a March 24 email) and have placed them for advertisement on Saturday, March 27, 2010, in the Williamsport Sun-Gazette in accordance with the Act.

The Notices state, as required by the Act, that the Ordinances are available for inspection by any interested person at the Office of the City Clerk. In order that the inspection requirement be fulfilled, we have prepared draft Ordinances, copies of which are attached. Please make copies of the draft Ordinances available for public inspection. Please distribute copies of the Ordinances to the Council and Mayor for final reading and enactment at the meeting. We will mail you some documents that require signatures and sealing (and in one case notarization).

Ms. Stephanie M. Mitchell, City Clerk  
City of Williamsport  
March 26, 2010  
Page 2

If you have any questions on these matters, or the attached documents, please do not hesitate to contact our office.

Very truly yours,

RHOADS & SINON LLP

/s/ Jens H. Damgaard

By:

Jens H. Damgaard

Attachments

cc (w/attachments): Mr. William E. Nichols, Jr., Director of Administration (**Via E-Mail  
Transmission: [bnichols@rideRVT.com](mailto:bnichols@rideRVT.com)**)  
J. David Smith, Esquire, McCormick Law Firm (**Via E-Mail  
Transmission: [dsmith@mcclaw.com](mailto:dsmith@mcclaw.com)**)



Jens H. Damgaard  
ph (717) 231-6621  
fx (717) 724-8421  
jdamgaard@rhoads-sinon.com

FILE NO: 5955/2

April 2, 2010

**Re: City of Williamsport  
Lycoming County, Pennsylvania  
General Obligation Note, Series of 2010  
General Obligation Note, Series A of 2010**

Attention: Legal Advertising  
Williamsport Sun-Gazette  
252 West Fourth Street  
P.O. Box 728  
Williamsport, PA 17703-0728

**VIA EMAIL TRANSMISSION:**  
**classifieds@sungazette.com**

Ladies and Gentlemen:

Attached are legal Notices regarding two Ordinances enacted by the City of Williamsport, Lycoming County, Pennsylvania, which are to be published in your newspaper one time only on **Monday, April 5, 2010**. If you should encounter any difficulties in publishing these legal Notices on the specified date, please notify us immediately. Please charge the City's General Government Account, #LW0110, for the cost of your services.

Upon publication, please immediately forward four (4) original proofs of publication of such legal Notices, to:

Jens H. Damgaard, Esquire  
Rhoads & Sinon LLP  
One South Market Square, 12<sup>th</sup> Floor  
Harrisburg, PA 17101.

One (1) original proof of publication and a copy of your invoice for services rendered should be sent directly to:

Ms. Stephanie M. Mitchell, City Clerk  
City of Williamsport  
245 West Fourth Street  
Williamsport, PA 17701.

Should you have any questions with respect to the attached legal Notices or the request for proofs of publication, or encounter any problems, please contact our office immediately.

Very truly yours,

RHOADS & SINON LLP

/s/ Jens H. Damgaard

By:

Jens H. Damgaard

Attachments

cc (w/attachments): Mr. William E. Nichols, Jr., Director of Administration (**Via E-Mail  
Transmission: [bnichols@rideRVT.com](mailto:bnichols@rideRVT.com)**)  
J. David Smith, Esquire, McCormick Law Firm (**Via E-Mail  
Transmission: [dsmith@mcclaw.com](mailto:dsmith@mcclaw.com)**)  
Ms. Stephanie M. Mitchell, City Clerk (**Via E-Mail Transmission:  
[cityclerk@cityofwilliamsport.org](mailto:cityclerk@cityofwilliamsport.org)**)

## NOTICE

NOTICE IS GIVEN that the Council of the City of Williamsport, Lycoming County, Pennsylvania (the "City"), at its meeting held on April 1, 2010, enacted an ordinance (the "Ordinance"), the caption and summary of which is as follows:

### **"ORDINANCE**

**OF THE CITY OF WILLIAMSPORT, LYCOMING COUNTY, PENNSYLVANIA, AUTHORIZING AND SECURING THE ISSUANCE OF A GENERAL OBLIGATION NOTE, SERIES OF 2010, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO ACQUIRE, CONSTRUCT AND IMPROVE THE CHURCH STREET TRANSPORTATION CENTER, TRADE AND TRANSIT CENTRE EXPANSION, AND OTHER APPROVED CENTRAL BUSINESS DISTRICT PROJECTS, AND TO PAY RELATED COSTS AND EXPENSES; ACCEPTING A BANK LOAN PROPOSAL; SETTING FORTH THE TERMS AND CONTAINING THE FORM OF THE NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY FOR THE NOTE; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS CITY TO SECURE THE NOTE; AND AUTHORIZING RELATED ACTIONS AND DOCUMENTS."**

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The purchase price of the General Obligation Note, Series of 2010 to be issued by the City is \$5,000,000 (100% of the principal amount advanced), and the maximum variable interest rate payable on the Note is 15%, per annum, as described in the loan proposal of Manufacturers and Traders Trust Company that was accepted by the City through a private sale by negotiation.

The enacted Ordinance, no amendments having been made, can be examined at the Office of the City Clerk, located at 245 West Fourth Street, Williamsport, Pennsylvania, on any

regular business day of the City between 8:30 a.m. and 4:30 p.m. This Notice is given in accordance with the Debt Act.

BY ORDER OF THE COUNCIL OF THE  
CITY OF WILLIAMSPORT, LYCOMING COUNTY,  
PENNSYLVANIA

**Re: City of Williamsport,  
Lycoming County, Pennsylvania  
\$5,000,000 Maximum Principal Amount  
General Obligation Note, Series of 2010**

**APPLICATION FOR APPROVAL TO DELIVER A NOTE UNDER PROVISIONS OF  
SECTION 8111(a) OF THE LOCAL GOVERNMENT UNIT DEBT ACT**

---

**TO: THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF  
THE COMMONWEALTH OF PENNSYLVANIA**

Application is made by the City of Williamsport, Lycoming County, Pennsylvania (the "City"), to the Department of Community and Economic Development (the "Department") of the Commonwealth of Pennsylvania (the "Commonwealth"), pursuant to Section 8111 of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), of the Commonwealth, for approval to deliver a general obligation note of the City, and, in accordance with Section 8111(a) of the Act, the City, acting through its proper officers, sets forth and certifies as follows:

1. The debt proposed to be issued will be evidenced by a general obligation note in the maximum principal amount of Five Million Dollars (\$5,000,000) (the "Note"). The Note is being issued in connection with capital projects of the City (the "Project").

2. Attached hereto and made part hereof is a complete and accurate transcript of the proceedings relating to the proposed note issue, which consists of the following:

a. A certified copy of the Ordinance prescribing the manner of the sale of the Note, authorizing the Note and awarding the Note, together with appropriate proofs of proper publication;

b. A certified copy of the accepted proposal for purchase of the Note; and

c. A Debt Statement prepared pursuant to the Act, to which is appended an appropriate Borrowing Base Certificate as required by the Act.

3. The filing of this Application has been authorized by appropriate action of the Council of the City (see the Ordinance referred to in Paragraph 2.a. above).

IN WITNESS WHEREOF, the City causes this Application to be executed in its name and on its behalf by the Mayor of the City and its official seal to be affixed hereto and attested by the Clerk of the City, all as of the 1<sup>st</sup> day of April, 2010.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

By: Coakley Campan  
Mayor of the City

ATTEST:

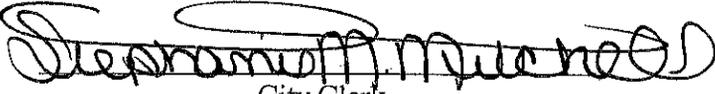
Stephanie A. Mitchell  
City Clerk

(SEAL)

**CERTIFICATE**

I, the undersigned, Clerk of the City of Williamsport, Lycoming County, Pennsylvania (the "City"), certify that attached hereto and made part hereof is a true and correct copy of the successful bid or proposal that was submitted to and accepted by the Council of the City, at private sale by negotiation, at a meeting duly called and held on April 1, 2010, with respect to the sale by the City and the purchase by Manufacturers and Traders Trust Company of the proposed general obligation note of the City, in the maximum principal amount of Five Million Dollars (\$5,000,000).

IN WITNESS WHEREOF, I affix my hand and the official seal of the City, as the Clerk of the City, this 1<sup>st</sup> day of April, 2010.

  
City Clerk

(SEAL)

DULY ENACTED AND ORDAINED, by the Council of the City of Williamsport,  
Lycoming County, Pennsylvania, in lawful session duly assembled, this 1<sup>st</sup> day of April, 2010.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

By:   
(Vice) President of Council  
of the City

ATTEST:

City Clerk

(SEAL)

DULY EXAMINED AND APPROVED this 1<sup>st</sup> day of April, 2010.

Mayor of the City of Williamsport

CERTIFICATE

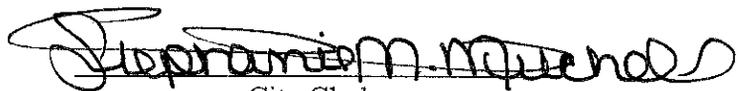
I, the undersigned, City Clerk of the City of Williamsport, Lycoming County, Pennsylvania (the "City"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by affirmative vote of a majority of all members of the Council of the City, in accordance with law, at a meeting duly held on April 1, 2010, at which meeting a quorum was present; said Ordinance duly was examined and approved by the Mayor of the City on April 1, 2010; said Ordinance has been certified and recorded by me, as Clerk of the City, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 61161; the total number of members of the Council of the City is seven (7); the vote of the members of the Council of the City, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as City Clerk, as follows:

J. Marlyne Whaley	- yes
William J. Hall	- yes
Geralyn Fausnaught	- yes
Randall J. Allison	- yes
N. Clifford Smith	- absent
Elizabeth Miele	- yes
Jonathan Williamson	- yes ;

said Ordinance has been advertised, as required by law, in a newspaper of general circulation in the City; and said Ordinance has not been amended, altered or repealed as of the date of this Certificate.

I further certify that the Council of the City met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. Ch. 7, by posting prominently a notice of said meeting at the principal office of the City or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with such Act.

**IN WITNESS WHEREOF**, I set my hand and affix the official seal of the City, this 1<sup>st</sup> day of April, 2010.

  
City Clerk

(SEAL)



Manufacturers and Traders Trust Company  
Government Banking  
101 West Third Street  
Williamsport, PA 17701  
(570) 327-2554 Fax (570) 327-2173  
Email: [rkuczawa@mandtbank.com](mailto:rkuczawa@mandtbank.com)  
Richard A. Kuczawa  
Vice President

February 1, 2010

City Of Williamsport  
Attn: Mr. William Nichols Jr.  
C/O City Bus  
1500 West Third Street  
Williamsport PA 17701

Dear Mr. Nichols,

Manufacturers and Traders Trust Company ("*The Bank*") is pleased to offer to purchase your General Obligation Note, Series 2010, ("*The Note*") issued by The City of Williamsport, Lycoming County, Pennsylvania ("*The Borrower*") as follows:

1) Amount of Note

Approximately \$5,000,000.00

2) Term of Note

Eighteen (18) Months –

Up to three years of a revolving draw down line of credit period followed by a fifteen year period of principal and interest.

3) Type of Note

General Obligation Note.

#### 4) Rate of Interest Per Annum

##### Revolving Draw Down Period:

The Note shall (subject to the following terms) bear interest on the outstanding principal balance at a bank qualified tax-exempt variable rate (360/360-day basis) equal to the one-month LIBOR Rate plus a margin of 300 basis points. As an indication, today this rate equals 2.12%. This rate can change monthly based on changes in the one-month LIBOR rate. The minimum this rate can decrease to is 2.25%. The maximum this interest rate can increase to is 15.00%.

This interest rate is issued upon the borrowers compliance will 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 the borrower's legal counsel attesting to this is required.

##### Repayment Period:

The Borrower can request the termination of the draw down period at any time during the three year draw down period. This termination will automatically cause the repayment period of the Note to begin. Upon the conclusion of the draw down period the Note will begin the repayment period with payments as follows:

During the repayment period, the Note shall (subject to the following terms) bear interest on the outstanding principal balance at a bank qualified tax-exempt rate (360/360-day basis) equal to the M &T Bank five year cost of funds plus 300 basis points. As an indication, today this rate equals 3.64%. This rate on the Note shall be fixed at this level for the first five years of the Note. Upon the five and ten year anniversaries of the Note, the rate shall reset to a bank qualified tax exempt rate equal to the M &T Bank five year cost of funds plus 300 basis points. The minimum this rate can decrease to is 2.25%. The maximum this interest rate can increase to is 15.00%.

This interest rate is issued upon the borrowers compliance will 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 the borrower's legal counsel attesting to this is required.

#### 5) Repayment Terms

Draw Down Period: Quarterly Interest only payments.

Repayment Period: Principal and Interest Payments will be made until maturity. The Borrower can select monthly, quarterly or semi-annual payments.

6) Security

The Borrower will pledge its full faith and taxing authority to secure the payment of the Note.

7) General Covenants

The Borrower agrees to pledge appropriate grant proceeds to the unpaid balance of the line of credit.

8) Reporting Covenants

The Borrower will be required to submit to the Bank its financial reports within 120 days from the close of the borrower's fiscal year.

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

The bank will charge a loan documentation fee of \$1,500.00. All other bank fees will be waived.

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

11) Prepayment Options

The Borrower can prepay the Note without a prepayment premium at any time during the draw down period. The Borrower can prepay the Note without a prepayment premium during any of the rate reset periods (during the five and ten year anniversaries). The Borrower can prepay the Note during other times with the Standard Yield Maintenance.

Standard Yield Maintenance: As long as Borrower gives thirty (30) days advance notice to the Bank of its intent to make prepayment of principal, Borrower may prepay; that is, on a date prior to the date the principal payment would be otherwise due hereunder, in whole or in part, the principal of the loan provided that together with such prepayment, Borrower shall pay to the Bank a premium greater of (a) one percent (1%) of the principal sum being prepaid, or (b) an amount equal to the difference between the Five Year Treasury Rate, plus the Ask Side of the Swap Spread, which was utilized to determine the then applicable rate of interest for the Loan being prepaid and the then most recent yield on the United States Treasury Obligations adjusted to a constant maturity having a term most nearly corresponding to the term remaining from the date of such prepayment to the next date on which the rate of interest for the Loan is to be set, plus the Bid Side of the Swap Spread, as hereinabove set forth, or if such interest rate is not to be reset at the end of the Term, in effect two (2) business days prior to the prepayment date as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the rate of

interest is to be reset as hereinabove set forth or, if such interest rate is not to be reset, the end of the Term, and the denominator of which is 365, multiplied by (iii) the principal sum being so prepaid. This will be based upon the Note rate (adjusted to a bank qualified tax-free equivalent basis).

#### 12) Preparation of Documents

The bank shall be listed as “**Manufacturers and Traders Trust Company**” in all documentation. In addition to any other documents that may be required, the following documents shall be delivered in a satisfactory form to the bank:

- A) Original Executed Commitment Letter
- B) Original Executed General Obligation Note
- C) Original Executed Authorizing Ordinance
- D) Original Executed Secretary’s Certificate
- E) Original Executed Legal Opinion Letter as noted
- F) Internal Revenue Service Form 8038G as required
- G) Other documentation as required

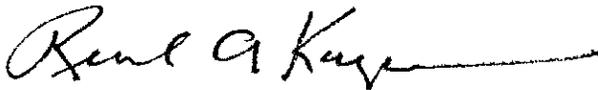
#### 13) Acceptance

This bid must be signed and delivered to the bank no later than the close of business on February 29, 2010.

The bank reserves the right to withdraw this proposal if the provisions of this offer are not fulfilled. Furthermore, the terms and condition of this letter shall survive the closing and successful execution of the note.

On behalf of Manufacturers and Traders Trust Company, we are proud to partner with the communities we serve in sound municipal financial management. We look forward to working together. Should you have any questions, please do not hesitate to contact me at 570-522-5113.

Sincerely,



Richard A Kuczawa  
Government Banking Division

*General Obligation Note, Series 2010  
City of Williamsport*

*Accepted By:*

  
*Signature of Authorized Officer*

Mayor  
*Title of Officer*

4-1-2010  
*Date*

**CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania**

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**DEBT STATEMENT**

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TO: THE DEPARTMENT OF COMMUNITY AND ECONOMIC  
DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA

We, the undersigned, Mayor and Clerk of the City, respectively, of the City of Williamsport, Lycoming County, Pennsylvania (the "Local Government Unit"), being duly authorized to prepare and to verify, under oath or affirmation, this Debt Statement of the Local Government Unit, pursuant to and in accordance with Section 8110 of the Local Government Unit Debt Act (the "Act") of the Commonwealth of Pennsylvania, do set forth and certify as follows:

1. This Debt Statement is made as of April 1, 2010, such date being less than 60 days before the filing hereof.

2. The gross indebtedness of the Local Government Unit is as follows:

a.	Electoral debt.....	\$	0.00
b.	Nonelectoral debt		
	(1) Proposed General Obligation Note, Series of 2010.....	\$	5,000,000.00 <sup>1</sup>
	(2) Proposed General Obligation Note, Series A of 2010.....	\$	1,000,000.00 <sup>2</sup>
	Total nonelectoral debt .....	\$	<u>6,000,000.00</u>

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<sup>1</sup> Includes the proposed General Obligation Note, Series of 2010 of the Local Government Unit, for the delivery of which the approval of the Department is requested, which is being issued in connection with capital projects (Central Business District improvements) of the Local Government Unit.

<sup>2</sup> Includes nonelectoral debt evidenced by the proposed General Obligation Note, Series A of 2010, for the delivery of which the approval of the Department is requested under separate proceedings filed concurrently herewith, which nonelectoral debt has been incurred pursuant to a debt-enabling ordinance heretofore enacted in connection with capital projects (Central Business District improvements) of the Local Government Unit.

c. Lease rental debt:	
(1) Lease rental debt evidenced by a guaranty agreement evidencing the acquisition of a capital asset with Williamsport Municipal Authority (Approval No. LRA-4718, Dated 2/27/08).....	\$ 6,000,000.00 <sup>3</sup>
(2) Lease rental debt evidenced by a guaranty agreement evidencing the funding of the City's unfunded actuarial accrued pension liability (Approval No. LRA-4286, Dated 12/22/04) .....	\$ 0.00 <sup>4</sup>
(3) Lease rental debt evidenced by a guaranty agreement evidencing the acquisition of a capital asset with Williamsport Municipal Authority (Approval No. LRA-3331, Dated 12/22/98) .....	\$ 0.00 <sup>5</sup>
Total lease rental debt .....	<u>\$ 6,000,000.00</u>
Total gross indebtedness .....	<u>\$ 12,000,000.00</u>

3. The Local Government Unit claims, in this Debt Statement, exclusions from or against its total gross indebtedness, as such is set forth in paragraph 2, in determining the net debt of the Local Government Unit:

a. Electoral debt .....	\$ 0.00
b. Nonelectoral debt .....	\$ 0.00
c. Lease rental debt .....	<u>\$ 0.00</u>
Total debt excluded .....	<u>\$ 0.00</u>

4. The remaining debt of the Local Government Unit is as follows:

<sup>3</sup> This loan has recently begun amortization and no principal payments have been made to date.

<sup>4</sup> The outstanding balance of the Federally Taxable Guaranteed Note, Series B of 2004 was retired on May 31, 2008.

<sup>5</sup> The outstanding balance of the Guaranteed Note, Series of 1998 was retired on February 15, 2005.

a.	Electoral debt.....	\$	0.00
b.	Net nonelectoral debt.....	\$	6,000,000.00
c.	Net lease rental debt .....	\$	<u>6,000,000.00</u>
	Total remaining debt .....	\$	<u>12,000,000.00</u>

5. The maximum principal amount of nonelectoral debt to be incurred, evidenced by a general obligation note to be issued by the Local Government Unit, is \$5,000,000.

6. The entire amount set forth in paragraph 5, *i.e.* \$5,000,000, will constitute new nonelectoral debt of the Local Government Unit.

7. The aggregate net nonelectoral debt of the Local Government Unit to be outstanding, after settlement for the issue in the amount set forth in paragraph 5, will be \$6,000,000.

8. The aggregate net lease rental debt of the Local Government Unit to be outstanding, after settlement for the issue in the amount set forth in paragraph 5, will be \$6,000,000.

9. The aggregate net nonelectoral debt and net lease rental debt, combined, of the Local Government Unit to be outstanding, after settlement for the issue in the amount set forth in paragraph 5, will be \$12,000,000.

10. The borrowing base of the Local Government Unit, as evidenced by a Borrowing Base Certificate attached hereto and made part hereof, is \$20,575,095.

11. The nonelectoral debt limit of the Local Government Unit, computed as provided in the Act, *i.e.* 250% of the borrowing base of the Local Government Unit as set forth in paragraph 10, is \$51,437,734.

12. The nonelectoral debt plus lease rental debt limit of the Local Government Unit, computed as provided in the Act, *i.e.* 350% of the borrowing base of the Local Government Unit as set forth in paragraph 10, is \$72,012,833.

IN WITNESS WHEREOF, we, the undersigned, Mayor and Clerk of the City, respectively, of the Local Government Unit, affix our signatures to this Debt Statement of the Local Government Unit, this 1<sup>st</sup> day of April, 2010.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

By: Coak / Cannon 4-1-2  
Mayor of the City

By: [Signature]  
City Clerk

(SEAL)



**BORROWING BASE CERTIFICATE**  
**of the**  
**CITY OF WILLIAMSPORT,**  
**Lycoming County, Pennsylvania**

1. This Borrowing Base Certificate of the City of Williamsport, Lycoming County, Pennsylvania (the "Local Government Unit"), has been prepared in accordance with Section 8029 of the "Local Government Unit Debt Act," 53 Pa.C.S. Chs. 80-82 (the "Act"), of the Commonwealth of Pennsylvania.

2. "Total Revenues," as such phrase is defined in the Act, of the Local Government Unit for the three (3) full fiscal years ended next preceding the date hereof, computed according to the definition in 53 Pa.C.S. § 8002, are as follows:

a. All money received by the Local Government Unit, from whatever source derived, for each of the three (3) full fiscal years ended next preceding the date of this Borrowing Base Certificate, was as follows:

<u>Fiscal Year</u> <u>Ended 12/31/07</u>	<u>Fiscal Year</u> <u>Ended 12/31/08</u>	<u>Fiscal Year</u> <u>Ended 12/31/09<sup>1</sup></u>
<u>\$20,697,741</u>	<u>\$21,299,988</u>	<u>\$22,592,796;</u>

b. The deductions or exceptions of the Local Government Unit from the amounts set forth in Paragraph 2.a., as required by the definition of "Total Revenues" in 53 Pa.C.S. § 8002, for each of the three (3) full fiscal years ended next preceding the date of this Borrowing Base Certificate, were as follows:

<u>Deduction or</u> <u>Exception</u>	<u>Fiscal Year</u> <u>Ended 12/31/07</u>	<u>Fiscal Year</u> <u>Ended 12/31/08</u>	<u>Fiscal Year</u> <u>Ended 12/31/09</u>
Required by clause (1) of the definition	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Required by clause (2) of the definition	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Required by clause (3) of the definition	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Required by clause (4) of the definition	<u>\$ 1,941,140</u>	<u>\$ 719,964</u>	<u>\$ 204,137</u>
Required by clause (5) of the definition	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Total	<u>\$ 1,941,140</u>	<u>\$ 719,964</u>	<u>\$ 204,137;</u>

<sup>1</sup> Unaudited

c. The "Total Revenues" of the Local Government Unit, for each of the three (3) full fiscal years ended next preceding the date of this Borrowing Base Certificate (being, for each such fiscal year, the total amount set forth in Paragraph 2.b., deducted from the amount set forth in Paragraph 2.a.), were as follows:

<u>Fiscal Year</u> <u>Ended 12/31/07</u>	<u>Fiscal Year</u> <u>Ended 12/31/08</u>	<u>Fiscal Year</u> <u>Ended 12/31/09</u>
<u>\$18,756,601</u>	<u>\$20,580,024</u>	<u>\$22,388,659,</u>

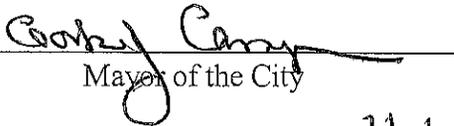
the total of which is \$61,725,284; and

d. The annual arithmetic average of such Total Revenues for the three (3) full fiscal years ended next preceding the date of this Borrowing Base Certificate, as such Total Revenues are set forth in Paragraph 2.c., is \$20,575,095.

3. We, the undersigned, further certify that we have made due and proper investigation of and with respect to matters and things involved in this Borrowing Base Certificate.

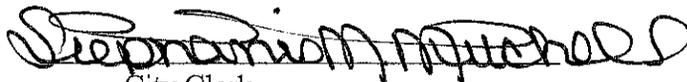
IN WITNESS WHEREOF, we set our hands, this 1<sup>st</sup> day of April, 2010.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

By:   
Mayor of the City

4-1-2010

ATTEST:

  
City Clerk

(SEAL)