

# CITY OF WILLIAMSPORT, PA RESOLUTION

RESOLUTION # 8305

DATE 2-6-14

## TITLE

### RESOLUTION TO RATIFY THE ACTION OF THE FINANCE COMMITTEE APPROVING AN ADDENDUM TO THE BOND PURCHASE AGREEMENT

**WHEREAS**, The Council of the City, by Ordinance No. 6241, enacted on August 29, 2013, as amended by Ordinance No. 6242, enacted on October 10, 2013 (collectively, the "Bond Ordinance"), authorized and secured the issuance of general obligation bonds of the City, in the maximum aggregate principal amount of Twenty-one Million Five Hundred Thousand Dollars (\$21,500,000) (the "Bonds"), on a "parameters" basis, to provide funds for various refunding projects and capital projects described in the Bond Ordinance; and

**WHEREAS**, The Bond Ordinance approves a Bond Purchase Agreement between the City and M&T Securities, Inc. (the "Underwriter"), dated August 29, 2013 (the "BPA"), and calls for an Addendum (the "Addendum"), to the BPA containing the final interest rates and other terms for each series of Bonds to be issued, which shall be approved by the Capital Budget and Finance Committee (the "Finance Committee"), of the Council; and

**WHEREAS**, The Underwriter has marketed the second series of the Bonds, to be known as its "General Obligation Bonds, Series of 2014," in the aggregate principal amount not to exceed Nine Million Two Hundred Thirty Thousand Dollars (\$9,230,000), pursuant to the Bond Ordinance (the "2014 Bonds"); and

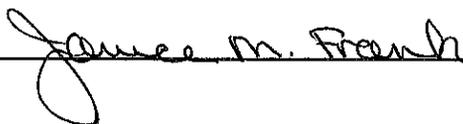
**WHEREAS**, The Underwriter has submitted for approval at the February 04, 2014 Finance Committee meeting an Addendum to the BPA, containing financial terms applicable to the 2014 Bonds; and

**WHEREAS**, The Finance Committee met on February 04, 2014 and voted to approve the financial terms applicable to the 2014 Bonds included in the Addendum to the BPA; and

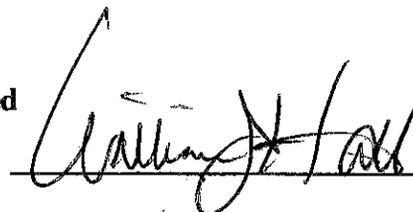
**WHEREAS**, The Council of the City desires to ratify and affirm the action undertaken by the Finance Committee. Now, therefore

**BE IT HEREBY RESOLVED**, that the City Council of the City of Williamsport approve and ratify the action taken by the Finance Committee with respect to Addendum to the BPA, containing financial terms applicable to the 2014 Bonds.

Approved



City Clerk



President

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

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**RESOLUTION OF THE CAPITAL BUDGET AND  
FINANCE COMMITTEE OF THE COUNCIL OF THE  
CITY OF WILLIAMSPORT APPROVING A SECOND  
ADDENDUM TO THE BOND PURCHASE  
AGREEMENT, DATED AUGUST 29, 2013, BETWEEN  
THE CITY AND M&T SECURITIES, INC., AND THE  
FINAL TERMS OF THE CITY'S GENERAL  
OBLIGATION BONDS, SERIES OF 2014**

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**WHEREAS**, The City of Williamsport, in Lycoming County, Pennsylvania (the "City") is a city of the third class, pursuant to laws of the Commonwealth of Pennsylvania (the "Commonwealth"), and governed by its City Council (the "Council"); and

**WHEREAS**, The Council of the City, by Ordinance No. 6241, enacted on August 29, 2013, as amended by Ordinance No. 6242, enacted on October 10, 2013 (collectively, the "Bond Ordinance"), authorized and secured the issuance of general obligation bonds of the City, in the maximum aggregate principal amount of Twenty-one Million Five Hundred Thousand Dollars (\$21,500,000) (the "Bonds"), on a "parameters" basis, to provide funds for various refunding projects and capital projects described in the Bond Ordinance; and

**WHEREAS**, The Bond Ordinance approved a Bond Purchase Agreement between the City and M&T Securities, Inc. (the "Underwriter"), dated August 29, 2013 (the "BPA"), and called for one or more Addendums, to the BPA containing the final interest rates and other terms for each series of Bonds to be issued, which shall be approved by the Capital Budget and Finance Committee (the "Finance Committee"), of the Council; and

**WHEREAS**, The Department of Community and Economic Development (the “Department”) of the Commonwealth of Pennsylvania approved the debt proceedings of the City related to the issuance of the Bonds, evidenced by Certificate of Approval No. GOB-131101-04, dated November 1, 2013; and

**WHEREAS**, The Underwriter marketed an initial series of the Bonds, that were entitled the “General Obligation Bonds, Series of 2013,” in the aggregate principal amount of Nine Million Seven Hundred Ninety-five Thousand Dollars (\$9,795,000), pursuant to the Bond Ordinance (the “2013 Bonds”); and

**WHEREAS**, This Finance Committee approved an Addendum to the BPA on December 10, 2013, containing the final terms applicable to the 2013 Bonds, and to took other action necessary for the City to issue the 2013 Bonds on December 19, 2013; and

**WHEREAS**, The Underwriter has marketed a second series of the Bonds, to be entitled the “General Obligation Bonds, Series of 2014,” in the aggregate principal amount of Nine Million Two Hundred Eighty Thousand Dollars (\$9,280,000), pursuant to the Bond Ordinance (the “2014 Bonds”); and

**WHEREAS**, The Underwriter has submitted for approval at this meeting a second Addendum to the BPA (the “2014 Addendum”), containing financial terms applicable to the 2014 Bonds; and

**WHEREAS**, This Finance Committee desires to approve the 2014 Addendum and to take any other action that may be necessary for the City to issue the 2014 Bonds on or about February 19, 2014.

**NOW, THEREFORE, BE IT RESOLVED**, by the Finance Committee of the Council of the City, as follows:

**SECTION 1.** The Finance Committee hereby approves the 2014 Addendum, submitted this date by the Underwriter, as contemplated by the Bond Ordinance, and requests the President of the Council of the City to execute, and the City Clerk to attest, the 2014 Addendum, as authorized by the Bond Ordinance.

**SECTION 2.** The 2014 Bonds shall bear the interest rates per annum and yields to maturity, mature on the dates and in the amounts, and have the redemption provisions and other terms set forth in the 2014 Addendum, and related schedules. The purchase price of the 2014 Bonds, including underwriting discount and original issue discount/premium, as well as the other costs and expenses of issuance and other uses of the proceeds of the 2014 Bonds illustrated in the 2014 Addendum, are approved. The terms of the 2014 Bonds and the 2014 Addendum, together with the 2013 Bonds, do not exceed the parameters set forth in the Bond Ordinance.

**SECTION 3.** A. There is hereby created for the 2014 Bonds, within the Sinking Fund established with the Paying Agent under the Bond Ordinance, a special fund to be known as the “Sinking Fund - General Obligation Bonds, Series of 2014” (the “2014 Sinking Fund”), which shall be administered in accordance with applicable provisions of the Debt Act.

B. There is created, within and as a part of the 2014 Sinking Fund, a separate fund or account, designated as the “2014 Mandatory Sinking Fund”, which shall consist of deposits made therein by the Paying Agent, as the sinking fund depository, from the 2014 Sinking Fund, as

provided in the next succeeding paragraph of this Section, to pay upon stated maturity any 2014 Bonds subject to mandatory redemption prior to stated maturity as described in the 2014 Addendum (the "2014 Term Bonds").

Fifteen days prior to each date the 2014 Term Bonds are subject to mandatory redemption (which exclude the year(s) of final maturity of the 2014 Term Bonds), the Paying Agent, so long as the 2014 Term Bonds shall remain outstanding, or as soon thereafter as shall suit the convenience of the Paying Agent and shall allow sufficient time for mailing of an appropriate notice of redemption, shall select or draw, by lot, in a fair and equitable manner, for redemption on the following mandatory redemption date, a principal amount of 2014 Term Bonds equal to the amount then required to be deposited into the 2014 Mandatory Sinking Fund for such maturity as set forth in the 2014 Addendum. The Paying Agent shall, upon selection of 2014 Term Bonds so to be called for redemption prior to maturity, mail the requisite notice of redemption on behalf of the City. The City covenants to assume and to pay all costs and expenses related to the mandatory redemption of 2013 Term Bonds.

The amounts required to be deposited in the 2014 Mandatory Sinking Fund hereunder, on any given date, shall be reduced by the principal amount of any 2014 Term Bonds that shall have been purchased or tendered in lieu of mandatory redemption in the immediately preceding period. The principal amount of 2014 Term Bonds to be retired from money available in the 2014 Mandatory Sinking Fund shall be paid by the Paying Agent, as the sinking fund depository, in the usual and customary manner, from such money available in the 2014 Mandatory Sinking Fund.

**SECTION 4.** The Finance Committee, on behalf of the Council and the City, hereby approves the Preliminary Official Statement for the 2014 Bonds in the form presented at this meeting, authorizes the preparation and use of a final Official Statement in substantially the same form, but with the insertion of the final terms of the 2014 Bonds, and requests the President or Vice President of the Council of the City to affix his signature to the final Official Statement as such officer; such execution of the Official Statement by such officer shall constitute conclusive evidence of the approval of the Official Statement by the City.

**SECTION 5.** This Finance Committee determines that the City has not issued and does not reasonably expect to issue tax-exempt obligations that, together with all tax-exempt obligations previously issued or reasonably expected to be issued by all entities that issue 2014 Bonds on behalf of the City and all "subordinate entities" (within the meaning of Section 265(b)(3)(E) of the Code) of the City, in the aggregate, will exceed Ten Million Dollars (\$10,000,000) during the 2014 calendar year (excluding obligations issued to refund (other than to advance refund) any obligations to the extent that the amount of the refunding obligation does not exceed the outstanding amount of refunded obligations) and, accordingly, hereby designates the 2014 Bonds (to the extent they are not "deemed designated" under Section 265(b)(3)(D)(ii) of the Code) as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

**SECTION 6.** The Finance Committee hereby approves the insurer of the 2014 Bonds and the terms of the municipal bond insurance policy.

**SECTION 7.** The Finance Committee hereby approves the substantial form of the Subsidy Agreement between the City and the Williamsport Parking Authority, as contemplated by the Bond Ordinance, under which said Authority will pay the debt service on \$520,000 principal amount of the 2014 Bonds identified in the Addendum and related schedules.

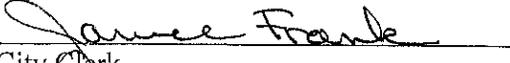
**SECTION 8.** In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence or clause or part of this Resolution, it being the intent of the Finance Committee that such remainder shall be and shall remain in full force and effect.

DULY ADOPTED, by the Finance Committee of the Council of the City, in  
lawful session duly assembled, this 4<sup>th</sup> day of February, 2014.

CITY OF WILLIAMSPORT,  
Lycoming County, Pennsylvania

By: \_\_\_\_\_  
Chairperson of the Finance Committee  
of the Council of the City

ATTEST:

  
\_\_\_\_\_  
City Clerk  
(SEAL)

**SCHEDULE II**  
**to**  
**Bond Purchase Agreement**

City of Williamsport,  
Lycoming County, Pennsylvania  
General Obligation Bonds, Series of 2014

Addendum  
to the  
Bond Purchase Agreement Dated August 29, 2013

February 4, 2014

Mayor and Members of City Council  
City of Williamsport  
245 West Fourth Street  
Williamsport, Pennsylvania 17701

Ladies and Gentlemen:

The following is an addendum of the Bond Purchase Agreement dated August 29, 2013 (the "Bond Purchase Agreement") between the City of Williamsport, Lycoming County, Pennsylvania (the "City") and M&T Securities, Inc., as underwriter (the "Underwriter"). Capitalized terms used but not defined in this Addendum shall have the meanings ascribed thereto in the Bond Purchase Agreement.

The purchase price of the Bonds is \$9,115,368.20, reflecting the aggregate principal amount of the Bonds:

- (i) which original issue discount is not in excess of 5% of the principal amount of the Bonds, and
- (ii) less an Underwriter's discount of \$60,320.00 (.650% of the principal amount of the Bonds), which discount is not less than .65% nor in excess of .75% of the principal amount of the Bonds.

The principal amounts of each maturity of the Bonds to be issued, the dated date therefore, the annual mandatory sinking fund installments of the principal amount of the term Bonds, and the interest rates, initial offering prices, yields to maturity and principal amounts per maturity, and optional redemption provisions, are set forth in Exhibit A hereto. Except as provided above, the Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Ordinance No. 6241, enacted on August 29, 2013, as amended by Ordinance No. 6242, and any supplements thereto (the "Ordinance").

Very truly yours,

M&T SECURITIES, INC., as Underwriter

By: \_\_\_\_\_

Name: Gregory M. Brunner

Title: Managing Director

Accepted and agreed to at \_\_\_\_\_ p.m. (Eastern Standard Time)

this \_\_\_\_ day of February, 2014.

CITY OF WILLIAMSPORT

Lycoming County, Pennsylvania

By: \_\_\_\_\_

Mayor, City of Williamsport

By: \_\_\_\_\_

City Controller

Attest: \_\_\_\_\_

City Clerk

Redemption Provisions

(i) The Bonds stated to mature on or after June 1, 2019, shall be subject to redemption prior to maturity, at the option of the City, as a whole, on June 1, 2019, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the City and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds redeemed, together with accrued interest to the redemption date.

(ii) The Bonds stated to mature on June 1, 2028, June 1, 2030, June 1, 2034 and June 1, 2038, are subject to mandatory redemption prior to maturity in the amounts and on June 1 of the years shown below, at a redemption price of 100% of the principal amount thereof together with interest accrued to the date fixed for redemption:

Bonds maturing June 1, 2028

<u>Redemption Date</u>	<u>Principal Amount</u>
2027	190,000
2028*	195,000

\* stated maturity

Bonds maturing June 1, 2030

<u>Redemption Date</u>	<u>Principal Amount</u>
2029	\$445,000
2030*	460,000

\* stated maturity

Bonds maturing June 1, 2034

<u>Redemption Date</u>	<u>Principal Amount</u>
2031	\$480,000
2032	500,000
2033	515,000
2034*	535,000

\* stated maturity

# **Pricing Materials**

## **City of Williamsport**

February 4, 2014

 **M&T Securities, Inc.**

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# RatingsDirect®

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## Summary:

# Williamsport, Pennsylvania; General Obligation

### Primary Credit Analyst:

Richard J Marino, New York (1) 212-438-2058; richard.marino@standardandpoors.com

### Secondary Contact:

Michael J Mooney, New York (1) 212-438-4943; michael.mooney1@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

## Summary:

# Williamsport, Pennsylvania; General Obligation

### Credit Profile

US\$9.5 mil GO bnds ser 2014 due 07/01/2038

<i>Long Term Rating</i>	A+/Stable	New
Williamsport GO (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

## Rationale

Standard & Poor's Ratings Services assigned its 'A+' rating to Williamsport, Pa.'s series 2014 general obligation (GO) refunding bonds. At the same time, we affirmed our outstanding 'A+' rating on the city's outstanding GO debt, based on our local GO criteria released Sept. 12, 2013. The outlook on all the ratings is stable.

Williamsport's full-faith-and-credit pledge secures the bonds. Officials intend to use bond proceeds to refund the city's series 2007 GO bonds, as well as funding various capital improvement and capital asset projects.

The rating reflects our opinion of the following strengthening factors for the city, including its:

- Very strong budgetary flexibility with fiscal 2012 audited reserves at 19.7% of general fund expenditures;
- Strong budgetary performance, which takes into account three consecutive audited surpluses and a projected drawdown in fiscal 2013;
- Very strong liquidity, providing very strong cash to cover debt service and expenditures; and
- Strong management with good financial policies.

We believe tempering factors include what we consider the city's:

- Weak economy due mostly to wealth and income, and
- Weak debt and contingent liabilities with a large pension obligation.

### Weak economy

We consider Williamsport's economy weak due to the projected per-capita effective buying income at 66.5% of the national average. Market value is \$32,549 per capita. We consider the local economy somewhat limited. Lycoming County unemployment averaged 7.8% in 2012, below commonwealth and national averages. The property tax base is stable. Assessed value increased by 1% over fiscal years 2010-2012.

### Very strong budget flexibility

In our opinion, budgetary flexibility remains very strong with reserves above 14% of expenditures for the past three fiscal years and no current plans to spend them down significantly. Audited fiscal 2012 reserves were \$3.3 million, or 19.7% of expenditures. Taxes generate 85.7% of general fund revenue. Williamsport has additional flexibility to raise property tax rates. The current millage for general city purposes is 11.58 mills, well below the 25-mill tax cap. If

needed, Williamsport has plenty of room to raise taxes to the cap.

### **Strong budgetary performance**

In our view, overall budgetary performance has been strong with a 1.5% general fund operating surplus and a 7.4% total governmental funds surplus in fiscal 2012. Williamsport has increased available fund balance over the past three fiscal years through a number of measures, including what we regard as very conservative budgeting and keeping to an informal practice of producing revenue of at least 3% greater than budgeted and maintaining expenditures at 3% less than budgeted. Officials believe Williamsport will finish fiscal 2013 with close to a \$1 million drawdown after transfers out, lowering the fund balance closer to the informal fund balance policy. This would bring the general fund balance down to approximately \$2.5 million.

### **Very strong liquidity**

What we consider very strong liquidity supports Williamsport's finances with a total governmental available cash ratio of 28.8% of total governmental fund expenditures or more than 600% of debt service. We believe Williamsport has strong access to external liquidity because it has historically issued GO notes and bonds.

### **Strong management conditions**

We view Williamsport's management conditions as strong with "good" financial management practices under our Financial Management Assessment methodology, coupled with a consistent ability to maintain balanced operations over the past three audited fiscal years. Williamsport looks back at a five- to 10-year average while considering future trends when budgeting. Management also uses a six-year capital improvement plan that it updates annually. Management provides the city council with monthly reports on budgeted numbers compared to actual results. Williamsport also has an informal reserve target that calls for the maintenance of general fund balance between 5% and 15% of expenditures annually, and it will be within that range in fiscal 2013.

Williamsport does not use a debt management policy.

### **Weak debt and contingent liability profile**

In our opinion, Williamsport's debt and contingent liabilities profile is weak with a total governmental funds-to-debt service ratio of 4.8% of total governmental funds expenditures and a net direct debt ratio of 85.6% of total governmental funds revenue. Officials plan to retire roughly 43% of principal over 10 years. With no additional major debt plans, we expect Williamsport's debt to decrease over the next few years.

Williamsport provides defined-benefit retirement plans for full-time employees and full-time firefighters and police officers; combined city contributions in fiscal 2012 totaled \$1.1 million, or 5.2% of governmental fund expenditures. Williamsport also provides other postemployment benefits (OPEBs); in fiscal 2012, it contributed \$2.1 million toward the OPEB fund, or 28.2% of the annual required contribution and 10.3% of total governmental fund expenditures.

### **Strong institutional framework**

We consider the institutional framework score for Pennsylvania home-rule charter cities strong. (See the Institutional Framework score for Pennsylvania.)

## **Outlook**

The stable outlook reflects Standard & Poor's opinion of Williamsport's continued very strong budgetary flexibility, which we expect management to maintain due to its conservative budgeting and strong management practices. We believe Williamsport's strong management conditions provide further rating stability because we believe management will likely continue to produce strong budgetary performance. Therefore, we do not expect to change the rating within the outlook's two-year period.

## **Related Criteria And Research**

### **Related Criteria**

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

### **Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Pennsylvania Local Governments

Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

PRELIMINARY OFFICIAL STATEMENT DATE JANUARY 28, 2014

NEW ISSUE—BOOK-ENTRY ONLY

RATING: Standard & Poor's: A+ (stable outlook) (Underlying)  
Standard & Poor's: AA (Insured)  
BAM Insured

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although in the case of corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. This opinion of Bond Counsel is subject to continuing compliance by the City with its covenants in the Ordinance and other documents to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax. The Bonds are "qualified tax-exempt obligations", for purposes and effect contemplated by Section 265 of the Internal Revenue Code of 1986, as amended (relating to expenses and interest relating to tax-exempt income of certain financial institutions). For further information concerning federal and state tax matters relating to the Bonds, see "Tax Exemption and Other Tax Matters" herein.

\$9,280,000\*  
CITY OF WILLIAMSPORT  
LYCOMING COUNTY, PENNSYLVANIA  
GENERAL OBLIGATION BONDS  
SERIES OF 2014

Bonds Dated: Date of Delivery  
Interest Due: June 1 and December 1

Principal Due: June 1  
First Interest Payment: June 1, 2014

The General Obligation Bonds, Series of 2014, in the aggregate principal amount of \$9,280,000\* (the "Bonds") will be issued in book-entry form, registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. While any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the City of Williamsport, located in Lycoming County, Pennsylvania (the "City"), payable from its tax and other general revenues. The City has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will 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 every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the City irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy *ad valorem* taxes on all taxable real property within the City, presently unlimited as to rate or amount for such purpose. In addition, parking revenue payable by users of garages, open lots and areas owned by the Williamsport Parking Authority (the "Parking Authority") and the collection of parking fines, though not specifically pledged, are intended to be pay the principal of and interest on \$520,000\* principal amount of the Bonds (see Appendix D, *infra*), from payments by the Parking Authority to the City under a Subsidy Agreement (the "Parking Subsidy Agreement"), between them, dated the issue date of the Bonds.

Interest on each of the Bonds is payable initially on June 1, 2014, and thereafter semiannually on June 1 and December 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The City has appointed Manufacturers and Traders Trust Company (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the book-entry only system for the Bonds is ever discontinued, the principal on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its specified corporate trust office (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*). The Bonds are subject to redemption prior to maturity as described herein.

The proceeds from the Bonds are being used to provide funds for (a) the current refunding of the \$6,000,000 Municipal Authority of the City of Williamsport (the "City Authority"), guaranteed Bond; Series of 2007 (the "Authority Bond" or "Refunding Project"); (b) the continued funding for the Trade and Transit Center II Project; (c) the acquisition and construction of various capital improvement and capital asset projects of the City including for (i) the City swimming pool and recreational facilities, (ii) street light improvements, (iii) Bowman Field and related facilities, (iv) Reach Road reconstruction, (v) improvements to the public parking facilities to the Parking Authority ("Parking Authority Project"), (vi) other City facilities and (vii) paying allocable financing costs (collectively, the "Capital Projects"); and (d) the cost of issuance of the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



MATURITIES, AMOUNTS, RATES AND YIELDS  
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Rhoads & Sinon LLP, of Harrisburg, Pennsylvania, as Bond Counsel to the City, to be furnished upon delivery of the Bonds. Other legal matters will be passed upon for the City by Casale & Bonner, Williamsport, Pennsylvania, City Solicitor. Catlin Consulting, LLC, Harrisburg, Pennsylvania serves as Financial Advisor to the City in connection with the issuance of the Bonds. Certain matters will be passed upon for the Underwriter by the Law Offices of Thomas K. Slatery, P.L.L.C., Washington, D.C. It is expected that the Bonds will be available for delivery in New York, New York, on or about February \_\_\_\_, 2014.



Official Statement Dated: February \_\_\_\_, 2014

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**City of Williamsport  
Lycoming County, Pennsylvania**

**ELECTED OFFICIALS**

Dr. Gabriel J. Campana.....	Mayor
William J. "Bill" Hall.....	Council President
Dr. Jonathon Williamson.....	Council Vice President
Randall J. Allison.....	Council Member
Elizabeth Miele.....	Council Member
Don Noviello.....	Council Member
N. Clifford "Skip" Smith.....	Council Member
Bonnie Katz.....	Council Member
Margaret J. Woodring.....	Controller
Thomas P. O'Conner.....	Treasurer

**OTHER CITY OFFICIALS**

William E. Nichols, Jr.....	Director of Finance
Janice M. Frank.....	City Clerk
Joseph Pawlak.....	Budget and Fiscal Officer

**CITY SOLICITOR**  
CASALE & BONNER  
Williamsport, Pennsylvania

**BOND COUNSEL**  
RHOADS & SINON LLP  
Harrisburg, Pennsylvania

**FINANCIAL ADVISOR**  
CATLIN CONSULTING, LLC  
Harrisburg, Pennsylvania

**PAYING AGENT**  
MANUFACTURERS AND TRADERS TRUST COMPANY  
Harrisburg, Pennsylvania  
Buffalo, New York

**UNDERWRITER**  
M&T SECURITIES, INC.  
Baltimore, Maryland

**CITY ADDRESS**  
245 West Fourth Street  
Williamsport, Pennsylvania 17701

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**OFFICIAL STATEMENT**  
**\$9,280,000\***  
**CITY OF WILLIAMSPORT**  
**LYCOMING COUNTY, PENNSYLVANIA**  
**GENERAL OBLIGATION BONDS**  
**SERIES OF 2014**

**INTRODUCTION**

This Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by the City of Williamsport (the "City"), located in Lycoming County (the "County"), Pennsylvania, in connection with the offering of \$9,280,000\* aggregate principal amount of its General Obligation Bonds, Series of 2014 (the "Bonds"). The Bonds are being issued pursuant to, and are secured by Ordinance No. 6241 enacted by the Council ("City Council") of the City on August 29, 2013, as amended by Ordinance No. 6242 enacted on October 10, 2013 (the "Ordinance"), in accordance with the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Debt Act") and, of the Commonwealth of Pennsylvania (the "Commonwealth"). The Bonds will be dated the date of issuance and delivery (the "Issue Date"),

**FINANCING PLANS**

The proceeds from the Bonds are being used to provide funds for (a) the current refunding of the \$6,000,000 Municipal Authority of the City of Williamsport (the "City Authority"), guaranteed Bond; Series of 2007 (the "Authority Bond" or "Refunding Project"); (b) the continued funding for the Trade and Transit Center II Project; (c) the acquisition and construction of various capital improvement and capital asset projects of the City including for (i) the City swimming pool and recreational facilities, (ii) street light improvements, (iii) Bowman Field and related facilities, (iv) Reach Road reconstruction, (v) improvements to the public parking facilities to the Parking Authority ("Parking Authority Project"), (vi) other City facilities and (vii) paying allocable financing costs (collectively, the "Capital Projects"); and (d) the cost of issuance of the Bonds.

The Bonds are the second of two series of parity bonds to be issued by the City pursuant to the Ordinance.

The proceeds of the initial series, issued on December 19, 2013, was used for (a) the current refunding of the City's \$5,000,000 General Obligation Note, Series of 2010; (b) the acquisition and construction of various capital improvement and capital asset projects of the City, including for the River Valley Transit, that include, without limitation, (i) "Trade and Transit II" (public transportation and intermodal parking facilities), (ii) the Public Service Building, (iii) other City facilities and (iv) paying allocable financing costs; and (c) the costs of issuance of such bonds.

**Refunding of Authority Bond**

This Authority Bond will be redeemed and retired in full on the Issue Date of the Bonds from proceeds of the Bonds. The Authority Bond evidences a 2010 loan from Citizens & Northern Bank. The City Authority was incorporated, and its members are appointed, by the City. The City Authority owns no assets and has served simply as a borrowing conduit to finance City projects. After the Authority Bond is retired the City Authority will have no further debt or operations.

**City Capital Projects**

A portion of the Bond proceeds will be used to design and construct building improvements and to acquire equipment and other facilities for various departments of the City described generally as follows:

- (i) **Trade & Transit Center II:** Continued financing to complete the expansion of River Valley Transit's transit system which includes demolishing existing Mid-Town Parking Deck and constructing a new facility which will include a drivers' lounge, passenger waiting area, a community room and two commercial spaces along with parking spaces for park-n-ride usage and other related Central Business District improvements.
- (ii) **Reach Road:** Commence Phase II of Williamsport Industrial Park, which includes new paving, new road construction, draining improvements, excavation, construction of new shoulders and other base repairs.
- (iii) **Bowman Field:** Complete City Council recommended improvement projects to the sports facility.
- (iv) **City Facilities:** Capital improvements to City Hall, fire headquarters, renovation of Memorial Park Pool and enhancements of City's street light system.

\* Preliminary; subject to change

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 owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required 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.

#### **Transfer, Exchange and Registration of Bonds**

Subject to the section below entitled "BOOK-ENTRY ONLY SYSTEM," certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time 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. The City and the Paying Agent may deem and treat the registered owner of any such Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

The City and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

#### **BOOK-ENTRY ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, 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, BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the laws of the State of New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, 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 holds and provides asset servicing for over 2 million issues of U.S. and non-US. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-US. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). So long as the Bonds are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Bonds

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which

**REDEMPTION OF BONDS**

**Mandatory Sinking Fund Redemptions (Term Bonds)**

The Bonds stated to mature on \_\_\_\_\_ 1, 20\_\_\_\_ and \_\_\_\_\_ 1, 20\_\_\_\_, are subject to mandatory redemption prior to maturity in the amounts and on \_\_\_\_\_ 1 of the years shown below, at a redemption price of 100% of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature \_\_\_\_\_ 1, 20\_\_\_\_

\$

\*

\_\_\_\_\_  
\*Final Maturity

Bonds stated to mature \_\_\_\_\_ 1, 20\_\_\_\_

\$

\*

\_\_\_\_\_  
\*Final Maturity

In lieu of such Mandatory Redemption, the Paying Agent may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, all or part of the Bonds subject to being drawn for redemption in any such year.

**Optional Redemption**

The Bonds stated to mature on or after \_\_\_\_\_ 1, 201\_\_\_\_, shall be subject to redemption prior to maturity, at the option of the City, as a whole, on \_\_\_\_\_ 1, 201\_\_\_\_, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the City and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds redeemed, together with accrued interest to the redemption date.

**Notice of Redemption**

**So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds the City and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of redemption notices to Beneficial Owners of book-entry Bonds. (Jens' draft had this in bold and italic).**

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of any certificated Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Ordinance, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

The redemption notice may state that it is conditional, that is subject to the deposit of the redemption price with the Paying Agent no later than the redemption date. If at the time required to effectuate the redemption the City has not deposited with the Paying Agent money sufficient to redeem the Bonds called for redemption, such notice shall be of no effect unless and until such money is so deposited.

**Manner of Redemption**

See section entitled "Book-Entry Only System." If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in

tax retroactively to the date of issuance of the Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the advance refunding of bonds; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the City is required to file an information return with respect to the Bonds and, if applicable, to "rebate" to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the Bonds. Neither the Underwriter nor Bond Counsel has undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. In certain circumstances, such taxability of the interest on the Bonds may be retroactive to the date of the original issuance. There is no provision in the Ordinance for redemption of the Bonds or payment of any additional monies to Owners in such an event. In addition, changes in law could affect the continued exclusion of interest on the Bonds. See "TAX EXEMPTION" herein for a discussion of these and other matters affecting the exemption of interest on the Bonds.

*Enforceability.* The remedies available to the Owners upon an event of default under the Ordinance or the Policy (hereinafter defined) are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided under the aforesaid documents may not readily be available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the aforesaid documents will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

*Pennsylvania Act 47 and Municipal Bankruptcy.* The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, II United States Code Section 301, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978, by the Bankruptcy Reform Act of 1978, effective October 1, 1979, and other bankruptcy laws affecting creditors rights and municipalities. The amendments of P.L. 94-260 replace former Chapter IX and permit a State political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this Chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debts owed for service or materials actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two thirds in amount and more than one half in number of the listed creditors. The 1974 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Act No. 1987-47 ("Act 47") of the Commonwealth, known as the "Distressed Municipalities Act," governs the ability of the City to declare bankruptcy under Federal law. Act 47 provides that no Pennsylvania municipality may file a municipal debt adjustment action pursuant to the Bankruptcy Code unless one of the following conditions exists: (1) filing is recommended by a plan coordinator appointed by Pennsylvania Department of Community and Economic Development ("DCED"); (2) there is imminent jeopardy of an action by the Creditor that is likely to substantially interrupt or restrict the continued ability of the municipality to provide health or safety services; (3) Creditors have rejected a plan and unsuccessful negotiations have continued for ten (10) days; (4) a condition of financial distress is potentially soluble only by using a remedy exclusively available through the Federal Debt Readjustment Act; or (5) the governing body of a municipality determined by DCED to be financially distressed has failed to adopt a plan or carry out the recommendations of such a plan coordinator. Act 47 also contains provisions and circumstances under which a municipality may be declared to be in "financial distress," making it eligible for interest-free loans, grants and/or administrative assistance through adoption of a financial plan and appointment of a plan coordinator. Such coordinator, appointed by DCED, would have the authority to recommend a plan increasing taxes or other sources of revenues, reducing services, rescheduling obligations or merging municipalities.

The above reference to the Bankruptcy Code or Act 47 is not to be construed as an indication that the City expects to resort to the provisions of such laws or that, if it did, any proposed plan or plans would include a dilution of the sources of payment of and the security for the payment of the Bonds.

*Secondary Markets and Prices.* The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds contemplated by this Official Statement and no assurance can be given that the Bonds can be resold at their initial offering prices for any period of time.

*Book-Entry.* Persons who purchase the Bonds through broker-dealers become creditors of the broker-dealer with respect to the Bonds. Records of the investors' holdings are maintained only by the broker-dealer and the investor. In the event of the insolvency of the broker-dealer, the investor would be required to look to the broker-dealer's estate, and to any insurance maintained by the broker-dealer, to make good the investor's loss.

*Financial and Other Information.* All the summaries of the provisions of the Debt Act and other laws, the Bonds and the Ordinance set forth herein are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions. All information, estimates and assumptions herein have been obtained from officials of the City, other governmental bodies, trade and statistical services and

interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### **Capitalization of BAM**

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2013 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.7 million, \$12.1 million and \$470.6 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### **Additional Information Available from BAM**

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditsights/](http://buildamerica.com/creditsights/).

**Obligor Disclosure Briefs.** Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/).

**Disclaimers.** The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **THE CITY**

### **Introduction**

The City was initially incorporated as a borough on March 1, 1806, and later as a city of the third class on January 15, 1866 and is governed by an optional third class city charter. The City uses a strong mayor-council charter form of government. The City provides the following services as authorized by its charter: general government, public works (highways, streets and other enterprises), public safety (police and fire), culture and recreation and blight administration.

**Summary and Discussion of Financial Results**

A summary of the balance sheet and receipts and expenditures in fund balances are presented in Tables 1 and 2, which follow.

**TABLE 1: CITY OF WILLIAMSPORT  
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET\***

<b>Assets</b>	<b>2009</b>	<b>2010</b>	<b>2011(1)</b>	<b>2012</b>	<b>As of 10/31/13 (2)</b>
Cash	\$1,207,051	\$1,184,310	\$1,327,219	\$1,200,451	\$3,230,047
Tax Receivables	1,362,700	1,366,367	1,388,019	1,367,501	-
Other Receivables	259,465	447,119	176,238	912,734	\$602,365
Due from Other Funds	751,798	1,377,244	1,745,620	1,773,079	\$1,432,744
Inventory	65,516	85,191	124,314	154,337	\$16,035
Prepaid Expenses	47,600	62,225	-	-	-
<b>Total Assets</b>	<b>\$3,694,130</b>	<b>\$4,522,456</b>	<b>\$4,761,410</b>	<b>\$5,408,102</b>	<b>\$5,281,191</b>
<b>Liabilities</b>					
Vouchers Payable	379,779	705,198	326,376	397,325	\$2,525
Accrued Liabilities	89,955	120,947	131,971	438,468	\$255,552
Compensated Absences	75,180	77,633	71,018	78,377	\$78,377
Matured Bonds Payable	5,000	5,000	5,000	5,000	\$5,000
Due to Other Funds	1,437	2,832	9,420	760	\$730
Deferred Revenue	1,094,887	-1,040,893	989,117	1,010,550	-
<b>Total Liabilities</b>	<b>\$1,646,238</b>	<b>\$1,952,503</b>	<b>\$1,532,902</b>	<b>\$1,930,479</b>	<b>\$342,184</b>
<b>Fund Equity</b>					
Reserved Fund Balance	38,501	297,300	-	-	-
Unreserved Fund Balances	2,009,391	2,272,653	-	-	-
Non-Spendable (1)	-	-	124,314	154,337	\$16,035
Assigned	-	-	271,392	376,765	\$235,581
Unassigned	-	-	2,832,802	2,946,521	\$4,687,391
<b>Total Fund Balances</b>	<b>\$2,047,892</b>	<b>\$2,569,953</b>	<b>\$3,228,508</b>	<b>\$3,477,623</b>	<b>\$4,939,007</b>
<b>Total Liabilities and Fund Equities</b>	<b>\$3,694,130</b>	<b>\$4,522,456</b>	<b>\$4,761,410</b>	<b>\$5,408,102</b>	<b>\$5,281,191</b>

\*Totals may not add due to rounding.

Source: City Audit Reports and, for 2013, City of Williamsport.

(1) The City changed its accounting methodology in 2011 and with the change, the accounting for Non-spendable, Assigned and Unassigned fund balances in lieu of Reserved and Unreserved balances. The change was in response to a change GASB Rules pursuant to Statement #54 issued February 2009.

(2) 2013 Budget vs. Actual. End of year revenues are expected to be approximately 5% higher than budgeted and expenditures are expected to be approximately 2% below those budgeted for fiscal year 2013. The trend of higher actual revenues compared to budgeted and lower actual expenditures compared to budgeted is an established target by the City during the budget process and for the past 3 fiscal years, revenues have been approximately 3% higher and expenditures have been 3% lower than budgeted.

**Taxing Powers**

Pursuant to the City Code, the City has the power to levy and collect annually a tax for general City purposes not exceeding 25 mills on taxable real estate, and in addition, a tax sufficient (that is without limit) for the purpose of paying debt service charges on the indebtedness of the City. Various additional millage rates for specific purposes are likewise provided for.

Pursuant to the Local Tax Enabling Act, The Debt Act of December 31, 1965, P.L. 1257, No. 511, Cl 53 (the "Local Tax Act"), the City may levy various taxes, including the following limited rates:

Per Capita Tax (1) .....	NA
Gross Receipts of Wholesalers.....	.50 mills
Gross Receipts of retailers and service industries .....	.75 mills
Wages, salaries, commissions and other earned income of individuals.....	.50%
Transfer of title of real property .....	.50%
Business Privilege Tax.....	4 mills
Amusement (except Motion Picture Theaters).....	\$100
Mechanical Devices Tax .....	\$100

Source: Codified Ordinance of City of Williamsport.

(1) City rescinded per capita tax under Ordinance 5736, Section 1, as approved December 18,1997

When two political subdivisions impose any one of the above taxes on the same person, subject, business, transaction or privilege, located within political subdivisions, then the tax levied during the time of such duplication shall be one-half of the rate above limited. Alternatively, the City may levy a real property transfer tax not in excess of 1% on certain real estate transfers pursuant to the Commonwealth's "Realty Transfer Tax Act." The aggregate amount of all taxes imposed under this act shall not exceed 12 mills times the total market value of real estate in the City as certified by the State Tax Equalization Board.

**Tax Levy Trends**

Table 3 shows the trend of tax rates levied by the City. Table 4 shows the comparative trend of real property tax rates for the City, the School District and the County.

**TABLE 3: CITY OF WILLIAMSPORT TAX RATES**

Year	Real Estate			Real Estate Transfer <sup>(1)</sup> (%)	Mechanical Devices (\$)	Amusement Tax (\$)	Wage and Income	
	City (mills)	School District (mills)	County (mills)				Residential (%)	Non-Residential (%)
2008	9.18	13.35	4.75	.50	100.00	100.00	2	0.5
2009	10.18	13.35	4.75	.50	100.00	100.00	2	0.5
2010	10.18	13.85	4.75	.50	100.00	100.00	2	0.5
2011	10.18	14.13	4.75	.50	100.00	100.00	2	0.5
2012	10.58	14.469	4.75	.50	100.00	100.00	2	0.5
2013	11.58	14.816	4.75	.50	100.00	100.00	2	0.5
2014	11.58	na <sup>(2)</sup>	4.75	.50	100.00	100.00	2	0.5

(1) Represents portion of tax received by the City.

(2) Rate has not been set as of the date hereof.

Source: City of Williamsport.

**TABLE 6: CITY OF WILLIAMSPORT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<b>2009 Assessed Value</b>	<b>2010 Assessed Value</b>	<b>2011 Assessed Value</b>	<b>2012 Assessed Value</b>
City of Williamsport	\$948,541,350	\$950,531,070	\$955,325,610	\$960,111,170
Williamsport Area School District	\$1,861,849,407	\$1,545,779,700	\$1,935,260,600	\$1,549,695,720
Lycoming County	\$6,381,020,000	\$6,426,618,000	\$6,487,540,000	\$6,505,928,000

Source: Pennsylvania State Tax Equalization Board.

**TABLE 7: CITY OF WILLIAMSPORT ASSESSMENT BY LAND USE**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Residential	\$579,372,920	\$577,509,050	\$577,061,870	\$575,600,420	\$575,039,680
Industrial	\$82,061,200	\$80,530,090	\$81,282,840	\$81,592,800	\$81,041,970
Commercial	\$287,363,860	\$289,100,920	\$290,784,470	\$296,730,190	\$302,517,600
Agriculture	\$ 1,526,420	\$ 1,401,290	\$ 1,401,890	\$ 1,402,200	\$ 1,511,920
<b>Total</b>	<b>\$950,324,400</b>	<b>\$948,541,350</b>	<b>\$950,531,070</b>	<b>\$955,325,610</b>	<b>\$960,111,170</b>

Source: Pennsylvania State Tax Equalization Board.

**TABLE 8: CITY OF WILLIAMSPORT  
REAL PROPERTY TAX COLLECTION DATA**

<b>Year</b>	<b>Tax Levy</b>	<b>Current Year Collections</b>	<b>Current Year Collections as Percent of Tax Levy</b>	<b>Current Plus Delinquent Collections<sup>(1)</sup></b>	<b>Total Collections as Percent of Tax Levy</b>
2008	\$8,723,979	\$7,847,448	89.95%	\$8,532,622	97.81%
2009	\$9,656,752	\$8,763,965	90.75%	\$9,599,829	99.41%
2010	\$9,676,407	\$8,824,265	91.19%	\$9,684,927	100.09%
2011	\$9,725,216	\$8,912,315	91.64%	\$9,792,476	100.69%
2012	\$10,157,977	\$9,321,036	91.76%	\$10,154,560	99.97%

(1) Delinquent for real property tax collection.

Source: City of Williamsport.

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**DEBT AND DEBT LIMITS**

**Debt Statement**

Table 10 shows the outstanding debt of the City prior to issuance of the Bonds.

**TABLE 10: CITY OF WILLIAMSPORT STATEMENT OF INDEBTEDNESS**

**(As of January 15, 2014)**

	<b>Gross Outstanding</b>
<b>GENERAL OBLIGATION DEBT</b>	
Series 2013 General Obligation Bonds	\$9,795,000
2014 Tax Revenue Anticipation Note	1,500,000
2014 M&T Bank City Note	4,000,000
<b>TOTAL GENERAL OBLIGATION DEBT .....</b>	<b>\$15,295,000</b>
<b>LEASE RENTAL DEBT</b>	
City and Northern Municipal Authority Note	\$5,454,522
Lease 2	
Lease 3	
<b>TOTAL LEASE RENTAL DEBT .....</b>	<b>\$5,454,522</b>
<b>TOTAL DIRECT DEBT .....</b>	<b>\$20,749,522</b>
<b>Debt Ratios</b>	
Per Capita (2010) .....	\$ 706.22
Percent 2012 Assessed Value .....	2.16%
Percent 2012 Market Value .....	2.16%

Remainder of page intentionally left blank.

## LABOR RELATIONS

### Labor Relations

Members of the police and fire unions are prohibited from striking. Other City employees have never gone on strike.

The City is a party to five collective bargaining agreements. These agreements and their respective dates of expiration are as follows:

Street and Parks and Flood Control City Employees, Local 2674 AFSCME	12/31/2017
City Employees, Local 2674 AFSCME District Council 86, AFL-CIO	12/31/2014
The International Association of Fire Fighters Local 736, AFL-CIO-CLC (1)	12/31/2015
Fraternal Order of Police, Lodge #29	12/31/2016
Amalgamated Transit Union Local 1496	12/31/2014

(1) The new labor contract for the Fire Fighters Local 736 has been agreed to by both the Mayor and Union Representatives and approved by Council on November 21, 2013. The City has obtained significant savings in reduced wage increases for the next 5 years. Under the new contract, spouses and children of fire fighters will now contribute to healthcare premiums.

Source: City officials.

### Pension Plan

The City provides defined benefit retirement plans for full-time officers and employees as well as for full time fire fighters and police officers. Officers' and employees' contributions under the program pay 5.50% of gross wages as contribution to the program while police officers and fire fighters pay 5.00%. Benefits for officers, employees, police and paid firemen are fully vested after 20 years of service. For non-uniformed employees, participants must be age 60 or older to collect benefits while police and fire fighters must be 50 years of age. According to the City's audit, annual required contributions were \$2,150,109, where \$1,077,620 were contributions to fire, \$743,770 were to police and \$328,719 were to O&E; however, aggregate ratio of accrued assets to accrued liabilities under such plans was 79.52% for police, 70.65% for fire and 77.41% for officers' and employees for an aggregate ratio of accrued assets to accrued liabilities of 76.00% as of January 1, 2011.

### Other Post-Employment Benefits (OPEB)

The City's annual other post-employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following show the components of the City's annual OPEB cost for 2012, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$7,537,041
Interest on net OPEB obligation	610,557
Adjustment to annual required contribution	(832,956)
Annual OPEB cost (expense)	<u>7,314,642</u>
Contributions made	<u>(2,122,905)</u>
Increase in net OPEB obligation	<u>5,191,737</u>
Net OPEB obligation at January 1, 2012	<u>13,567,926</u>
Net OPEB obligation at December 31, 2012	<u><u>18,759,663</u></u>

The net OPEB obligation is recorded as a benefit expense within the accompanying schedule of activities, primarily within the Public Safety function.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2010, 2011 and 2012 were as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$7,314,642	29.00%	\$18,759,663
December 31, 2011	\$4,700,422	40.00%	\$13,567,926
December 31, 2010	\$4,752,463	29.90%	\$10,762,610

issue discount on publicly offered obligations is treated under current regulations of the Pennsylvania Department of Revenue as interest and, for purposes of determining taxable gain upon sale or other disposition of an obligation the interest on which is exempt from income taxation by the Commonwealth, as an adjustment to basis. For Pennsylvania Corporate Net Income Tax purposes, original issue discount is to be accorded similar treatment, according to a Private Letter Ruling issued by the Office of the Chief Counsel of the Pennsylvania Department of Revenue dated December 2, 1993, but such Private Letter Ruling may be relied upon only by the taxpayer to whom it was addressed.

Prospective purchasers of Bonds issued with original issue discount should consult their tax advisors for further information and advice concerning the reporting of profits, gains or other income related to a sale, exchange or other disposition of such bonds for Pennsylvania tax purposes.

#### **Federal Income Tax Interest Expense Deductions for Financial Institutions**

Under Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), financial institutions are disallowed 100 percent of their interest expense deductions that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which reduces the amount of the disallowance, is provided for certain tax-exempt obligations that are designated or "deemed designated" by the issuer as "qualified tax-exempt obligations" under Section 265 of the Code.

*Each of the Bonds has been designated, or is "deemed designated", by the City as a "qualified tax-exempt obligation" 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).*

Financial institutions intending to purchase Bonds should consult with their professional tax advisors to determine the effect of the interest expense disallowance on their federal income tax liability.

#### **CONTINUING DISCLOSURE UNDERTAKING**

Rule 15-c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), the City and the Parking Authority (each being an "obligated person" with respect to the Bonds, within the meaning of the Rule and referred to herein as the "Disclosing Parties"), will each agree to provide certain financial and operating information to the Municipal Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent as set forth in its Continuing Disclosure Certificate, substantially in the form attached hereto as Appendix F.

Each of the Disclosing Parties reserves the right to modify from time to time the specific types of annual financial and operating data, provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of each such party or their respective operations or financial reporting, but the Disclosing Parties will agree that any such modification will be done in a manner consistent with the Rule.

Each of the Disclosing Parties is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the Disclosing Parties). Either of the Disclosing Parties may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate, but does not commit to provide notice of the occurrence of any events except those specifically listed in the Continuing Disclosure Certificate.

Each of the Disclosing Parties acknowledges that its respective undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the older and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the Disclosing Parties' continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by either of the Disclosing Parties to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The Disclosing Parties' obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the either of the Disclosing Parties is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined "obligated persons") with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the Internet at <http://www.emma.msrb.org>.

Neither of the Disclosing Parties has previously entered into any undertakings to provide continuing disclosure of financial information and operating data in connection with a publicly offered debt issue.



This announcement is neither an offer to sell nor a solicitation of bids to purchase the Bonds. Under no circumstances shall there be any sale of the Bonds in any jurisdiction in which the offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PROPOSED NEW ISSUE**

**\$9,215,000\***  
**City of Williamsport**  
(Lycoming County, Pennsylvania)  
**General Obligation Bonds, Series of 2014**

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EXPECTED RETAIL SALE PERIOD – February 3, 2014\*  
(Sale period may be terminated earlier based on demand or market conditions)

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- Interest on the Bonds will be exempt from Federal income tax, and will be free from Pennsylvania state income tax for residents of Pennsylvania\*\*
- Expected maturity range for Series of 2014: 2014 through 2038\*
- “AA (Insured)” “A+ (Stable Outlook)(Underlying)” Standard and Poor’s

To obtain a copy of the Preliminary Official Statement for the Series of 2014 Bonds, please contact an investment professional at:



**Ed Barone**  
570-327-2155

**Bill Gensel**  
570-546-5416

**Todd Rishel**  
570-327-1156

\* Preliminary; subject to change; when, as, and if issued.

\*\* Upon issuance of the Bonds the law firm of Rhoads & Simon LLP, as Bond Counsel to the City, is expected to deliver an opinion that interest on the City of Williamsport General Obligation Bonds, Series of 2014, under existing statutes, regulations and judicial decisions, is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although in the case of corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax.

Bond Counsel is also expected to deliver an opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax. The form of Bond Counsel's opinion is available in the Preliminary Official Statement. Before purchasing the Bonds, you should consult with your tax advisor concerning your particular tax situation.

Bond prices generally decrease as interest rates rise. Insurance provides for the timely payment of principal and interest but does not protect against market volatility. Discounted bonds, and appreciated bonds sold prior to maturity, may be subject to taxable gains. Municipal Bond Official Statements and "material events" information are accessible to the public for free via the MSRB's Electronic Municipal Market Access (EMMA) System ([www.emma.msrb.org](http://www.emma.msrb.org)).

Credit ratings are opinions about relative credit risk. Credit ratings are not investment advice, or buy, hold, or sell recommendations. They are just one factor investors may consider in making investment decisions. Credit ratings are not indications of the market liquidity of a debt security or its price in the secondary market. Ratings should not be considered an indication of future performance.

The information provided herein is general in nature and should not be considered legal or tax advice. M&T Securities, Inc. does not offer legal or tax advice. Consult with an attorney or tax professional regarding your specific legal or tax situation.

Investment Products: • Are NOT Deposits • Have NO Bank Guarantee • May Lose Value

**INTERNAL USE ONLY****\$9,280,000\*****CITY OF WILLIAMSPORT  
LYCOMING COUNTY, PENNSYLVANIA  
GENERAL OBLIGATION BONDS  
SERIES OF 2014**

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**OFFERING FACTS\***

Pricing Date: Monday, February 3, 2014  
Expected Settlement: Wednesday, February 19, 2014  
Dated Date: Wednesday, February 19, 2014  
Interest Payment Dates: June 1 and December 1, commencing June 1, 2014  
Credit Ratings: A+ Underlying (S&P/Expected) – AA (S&P/BAM Insurance)  
Structure: 2014-2038  
Call Feature: Expected June 1, 2019 Call at PAR. **See Preliminary Official Statement for Extraordinary Redemption features.**  
Contacts: Farhad Naghash (410) 244-4870, John Zuchlewski (716) 651-4860  
M&T's Role: Sole Manager  
POS: [Click for POS](#)  
Priority: Retail orders will have the highest priority on certain maturities during the order period.

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**USE OF PROCEEDS**

The proceeds from the Bonds are being used to provide funds for (a) the current refunding of the \$6,000,000 Municipal Authority of the City of Williamsport (the "City Authority"), guaranteed Bond; Series of 2007 (the "Authority Bond" or "Refunding Project"); (b) the continued funding for the Trade & Transit Center II Project; (c) the acquisition and construction of various capital improvement and capital asset projects of the City including for (i) the City swimming pool and recreational facilities, (ii) street light improvements, (iii) Bowman Field and related facilities, (iv) Reach Road reconstruction, (v) improvements to the public parking facilities to the Parking Authority ("Parking Authority Project"), (vi) other City facilities and (vii) payable allocable financing costs (collectively, the "Capital Projects"); and (d) the cost of issuance of the Bonds. **Please See Preliminary Official Statement for further information.**

**SECURITY**

The Bonds will be general obligations of the City, payable from its tax and other general revenues. The City has covenanted in the Ordinance that it will include in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cease to be paid from the Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the City irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy *ad valorem* taxes on all taxable property within the City, presently without limitation as to rate or amount for the payment of debt service. The Debt Act provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" below). **Please see Preliminary Official Statement for further information and Bondholder risk.**

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**CREDIT COMMENTS****Strengths:**

**Strong Bondholder Security:** The bonds are a general obligation of the City of Williamsport and are payable from unlimited *ad valorem* taxes and other general revenues.

**Low Debt Levels:** The City's overall debt levels remain low at \$453 per capita and 1.39% of market value, which compare favorably to similar rated credits.

**Strong Financial Operations:** Financial operations are bolstered by management's conservative budget practices which has produced solid financial results during fiscal years 2009 through 2012. Year-end 2013 results are expected to produce another operating surplus. As of fiscal 2012, the City's unreserved general fund balance of \$4.69 million was a strong 30% of operating expenses.

**Weaknesses:**

**Below Average Wealth Indicators:** The City's per capita income levels lag county and state averages. As of 2010, the City's per capita income of \$17,466 accounted for 64% of the state average.

**Moderately High Unemployment:** As of June 2013, the City's unemployment rate of 8.1% was above state and national levels. However, overall labor force growth in the MSA remains strong and may account for elevated unemployment levels as more people seek employment in the region's natural gas sector.

**Declining Population:** Based on the 2010 census, the City's total population of 29,381 was down 4.07% from 2000 levels.

Source: "City of Williamsport, Lycoming County Pennsylvania, General Obligation Bonds Series of 2014" Preliminary Official Statement dated January 28, 2014.

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*This Pre-Sales Memorandum contains certain summary information regarding the Bonds and is not a complete summary of the Bonds or the security therefore. Investors should read the entire Official Statement to obtain information necessary to the making of an informed investment decision.*

**INTERNAL USE ONLY**

**CITY OF WILLIAMSPORT**  
**LYCOMING COUNTY, PENNSYLVANIA**  
**GENERAL OBLIGATION BONDS**  
**SERIES OF 2014**

**Pricing Summary**

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
06/01/2014	Serial Coupon	2.000%	0.300%	195,000.00	100.480%	195,936.00
06/01/2015	Serial Coupon	2.000%	0.400%	260,000.00	102.045%	265,317.00
06/01/2016	Serial Coupon	2.000%	0.720%	265,000.00	102.893%	272,666.45
06/01/2017	Serial Coupon	2.000%	0.970%	270,000.00	103.320%	278,964.00
06/01/2018	Serial Coupon	2.000%	1.280%	275,000.00	102.990%	283,222.50
06/01/2019	Serial Coupon	2.000%	1.620%	280,000.00	101.915%	285,362.00
06/01/2020	Serial Coupon	2.000%	2.050%	265,000.00	99.705%	264,218.25
06/01/2021	Serial Coupon	2.300%	2.400%	275,000.00	99.333%	273,165.75
06/01/2022	Serial Coupon	2.550%	2.650%	280,000.00	99.258%	277,922.40
06/01/2023	Serial Coupon	2.875%	2.900%	290,000.00	99.795%	289,405.50
06/01/2024	Serial Coupon	2.900%	3.000%	295,000.00	99.118%	292,398.10
06/01/2025	Serial Coupon	3.000%	3.200%	305,000.00	98.115%	299,250.75
06/01/2026	Serial Coupon	3.125%	3.300%	315,000.00	98.241%	309,459.15
06/01/2028	Term 1 Coupon	3.500%	3.700%	385,000.00	97.792%	376,499.20
06/01/2030	Term 2 Coupon	3.750%	3.920%	905,000.00	97.963%	886,565.15
06/01/2034	Term 3 Coupon	4.125%	4.250%	2,030,000.00	98.306%	1,995,611.80
06/01/2038	Term 4 Coupon	4.250%	4.420%	2,390,000.00	97.478%	2,329,724.20
<b>Total</b>	-	-	-	<b>\$9,280,000.00</b>	-	<b>\$9,175,688.20</b>

**Bid Information**

Par Amount of Bonds	\$9,280,000.00
Reoffering Premium or (Discount)	(104,311.80)
Gross Production	\$9,175,688.20
Total Underwriter's Discount (0.650%)	\$(60,320.00)
Bid (98.226%)	9,115,368.20
Total Purchase Price	\$9,115,368.20
Bond Year Dollars	\$135,959.33
Average Life	14.651 Years
Average Coupon	3.8516332%
Net Interest Cost (NIC)	3.9727222%
True Interest Cost (TIC)	3.9629243%

**City Of Williamsport - General Obligation Bonds**

	Parking New Money	RVT New Money	City New Money	C&N Loan City Refunding	2014 Total	2013 & 2014 Total
06/01/2014	9,976.04	12,247.08	24,442.81	238,512.33	285,178.26	628,344.64
06/01/2015	32,462.50	43,225.00	86,268.76	412,420.00	574,376.26	1,313,523.76
06/01/2016	32,162.50	43,225.00	86,268.76	412,520.00	574,176.26	1,309,823.76
06/01/2017	31,862.50	43,225.00	86,268.76	412,520.00	573,876.26	1,310,923.76
06/01/2018	31,562.50	43,225.00	86,268.76	412,420.00	573,476.26	1,316,723.76
06/01/2019	31,262.50	43,225.00	86,268.76	412,220.00	572,976.26	1,312,123.76
06/01/2020	30,962.50	43,225.00	86,268.76	391,920.00	552,376.26	1,311,173.76
06/01/2021	35,662.50	43,225.00	86,268.76	391,920.00	557,076.26	1,314,848.76
06/01/2022	35,202.50	43,225.00	86,268.76	391,055.00	555,751.26	1,316,023.76
06/01/2023	34,692.50	43,225.00	86,268.76	394,425.00	558,611.26	1,313,433.76
06/01/2024	34,117.50	43,225.00	86,268.76	391,662.50	555,273.76	1,314,346.26
06/01/2025	33,537.50	43,225.00	86,268.76	393,687.50	556,718.76	1,323,078.76
06/01/2026	32,937.50	43,225.00	86,268.76	395,137.50	557,568.76	1,319,691.26
06/01/2027	32,312.50	43,225.00	86,268.76	260,918.76	422,725.02	1,187,910.02
06/01/2028	31,612.50	43,225.00	86,268.76	259,968.76	421,075.02	1,183,385.02
06/01/2029	30,912.50	133,225.00	171,268.76	328,843.76	664,250.02	972,935.02
06/01/2030	35,162.50	129,850.00	88,081.26	409,468.76	662,562.52	967,647.52
06/01/2031	34,225.00	131,475.00	92,893.76	406,718.76	665,312.52	971,582.52
06/01/2032	33,193.76	132,556.26	152,481.26	347,281.26	665,512.54	972,537.54
06/01/2033	32,162.50	128,431.26	119,593.76	379,700.00	659,887.52	967,237.52
06/01/2034	31,131.26	129,306.26	112,943.76	385,262.50	658,643.78	965,888.78
06/01/2035	35,100.00	129,975.00	496,500.00	-	661,575.00	967,550.00
06/01/2036	33,825.00	130,300.00	498,650.00	-	662,775.00	967,020.00
06/01/2037	32,550.00	130,412.50	499,950.00	-	662,912.50	969,702.50
06/01/2038	31,275.00	130,312.50	500,400.00	-	661,987.50	965,617.50
	<b>799,863.56</b>	<b>1,923,240.86</b>	<b>3,964,968.01</b>	<b>7,828,582.39</b>	<b>14,516,654.82</b>	<b>28,463,073.70</b>

**City Of Williamsport - General Obligation Bonds**

**City Component**

	<b>2013: City</b>	<b>2014: City New</b>	<b>2014: C&amp;N</b>	
	<b>Refunding</b>	<b>Money</b>	<b>Loan City</b>	<b>Total</b>
	<b>Refunding</b>	<b>Refunding</b>	<b>Refunding</b>	
<b>06/01/2014</b>	81,167.50	24,442.81	238,512.33	344,122.64
<b>06/01/2015</b>	172,050.00	86,268.76	412,420.00	670,738.76
<b>06/01/2016</b>	174,750.00	86,268.76	412,520.00	673,538.76
<b>06/01/2017</b>	172,350.00	86,268.76	412,520.00	671,138.76
<b>06/01/2018</b>	174,950.00	86,268.76	412,420.00	673,638.76
<b>06/01/2019</b>	172,450.00	86,268.76	412,220.00	670,938.76
<b>06/01/2020</b>	179,637.50	86,268.76	391,920.00	657,826.26
<b>06/01/2021</b>	181,600.00	86,268.76	391,920.00	659,788.76
<b>06/01/2022</b>	183,100.00	86,268.76	391,055.00	660,423.76
<b>06/01/2023</b>	178,750.00	86,268.76	394,425.00	659,443.76
<b>06/01/2024</b>	179,400.00	86,268.76	391,662.50	657,331.26
<b>06/01/2025</b>	184,525.00	86,268.76	393,687.50	664,481.26
<b>06/01/2026</b>	184,125.00	86,268.76	395,137.50	665,531.26
<b>06/01/2027</b>	182,937.50	86,268.76	260,918.76	530,125.02
<b>06/01/2028</b>	181,562.50	86,268.76	259,968.76	527,800.02
<b>06/01/2029</b>	-	171,268.76	328,843.76	500,112.52
<b>06/01/2030</b>	-	88,081.26	409,468.76	497,550.02
<b>06/01/2031</b>	-	92,893.76	406,718.76	499,612.52
<b>06/01/2032</b>	-	152,481.26	347,281.26	499,762.52
<b>06/01/2033</b>	-	119,593.76	379,700.00	499,293.76
<b>06/01/2034</b>	-	112,943.76	385,262.50	498,206.26
<b>06/01/2035</b>	-	496,500.00	-	496,500.00
<b>06/01/2036</b>	-	498,650.00	-	498,650.00
<b>06/01/2037</b>	-	499,950.00	-	499,950.00
<b>06/01/2038</b>	-	500,400.00	-	500,400.00
	<b>2,583,355.00</b>	<b>3,964,968.01</b>	<b>7,828,582.39</b>	<b>14,376,905.40</b>

**City Of Williamsport - General Obligation Bonds**

**RVT Components**

	<b>2013: RVT</b>	<b>2013: RVT New</b>	<b>2014: RVT New</b>	
	<b>Refunding</b>	<b>Money</b>	<b>Money</b>	<b>Total</b>
06/01/2014	124,352.50	137,646.38	12,247.08	274,245.96
06/01/2015	260,750.00	306,347.50	43,225.00	610,322.50
06/01/2016	257,250.00	303,647.50	43,225.00	604,122.50
06/01/2017	258,750.00	305,947.50	43,225.00	607,922.50
06/01/2018	260,150.00	308,147.50	43,225.00	611,522.50
06/01/2019	261,450.00	305,247.50	43,225.00	609,922.50
06/01/2020	272,175.00	306,985.00	43,225.00	622,385.00
06/01/2021	272,562.50	303,610.00	43,225.00	619,397.50
06/01/2022	272,312.50	304,860.00	43,225.00	620,397.50
06/01/2023	270,862.50	305,210.00	43,225.00	619,297.50
06/01/2024	274,262.50	305,410.00	43,225.00	622,897.50
06/01/2025	276,787.50	305,047.50	43,225.00	625,060.00
06/01/2026	273,687.50	304,310.00	43,225.00	621,222.50
06/01/2027	274,500.00	307,747.50	43,225.00	625,472.50
06/01/2028	274,937.50	305,810.00	43,225.00	623,972.50
06/01/2029	-	308,685.00	133,225.00	441,910.00
06/01/2030	-	305,085.00	129,850.00	434,935.00
06/01/2031	-	306,270.00	131,475.00	437,745.00
06/01/2032	-	307,025.00	132,556.26	439,581.26
06/01/2033	-	307,350.00	128,431.26	435,781.26
06/01/2034	-	307,245.00	129,306.26	436,551.26
06/01/2035	-	305,975.00	129,975.00	435,950.00
06/01/2036	-	304,245.00	130,300.00	434,545.00
06/01/2037	-	306,790.00	130,412.50	437,202.50
06/01/2038	-	303,630.00	130,312.50	433,942.50
	<b>3,884,790.00</b>	<b>7,478,273.88</b>	<b>1,923,240.86</b>	<b>13,286,304.74</b>

City Of Williamsport - General Obligation Bonds

Parking Component

2014: Parking New Money

06/01/2014	9,976.04
06/01/2015	32,462.50
06/01/2016	32,162.50
06/01/2017	31,862.50
06/01/2018	31,562.50
06/01/2019	31,262.50
06/01/2020	30,962.50
06/01/2021	35,662.50
06/01/2022	35,202.50
06/01/2023	34,692.50
06/01/2024	34,117.50
06/01/2025	33,537.50
06/01/2026	32,937.50
06/01/2027	32,312.50
06/01/2028	31,612.50
06/01/2029	30,912.50
06/01/2030	35,162.50
06/01/2031	34,225.00
06/01/2032	33,193.76
06/01/2033	32,162.50
06/01/2034	31,131.26
06/01/2035	35,100.00
06/01/2036	33,825.00
06/01/2037	32,550.00
06/01/2038	31,275.00
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	799,863.56
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