

ORDINANCE

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No. 488 OF 2012

Of

FOREST CITY BOROUGH

Susquehanna County, Pennsylvania

\$9,665,900.00

GENERAL OBLIGATION NOTES, SERIES 2012

WHEREAS, the Governing Body of the above-named Local Government Unit (the "Local Government Unit") deems it advisable to borrow the amount shown above, pursuant to the Local Government Unit Debt Act (the "Act"), for the purpose of providing interim construction financing for the Forest City Borough Sewage Facilities Improvement Project and related costs as listed on Exhibit P hereto (the "Project"); and

WHEREAS, the Local Government Unit has obtained estimate(s) of the cost(s), and has determined the useful life, of the Project by any one or more of the following methods: taking bids, obtaining an option for a fixed price contract or obtaining estimates from registered architects, professional engineers or other persons qualified by experience; and

WHEREAS, **LANDMARK COMMUNITY BANK** (the "Bank") has presented a written purchase contract (the "Purchase Contract"), attached hereto as Exhibit PC, to purchase a note to be issued by the Local Government Unit in order to achieve the financing of the Project;

NOW, THEREFORE, it is hereby enacted that:

Section 1 -- Authorization.

1.1. The Local Government Unit hereby authorizes the incurrence, and the increase of its non-electoral indebtedness in the principal amount set forth above, to be evidenced by an installment note (the "Note"), in the form attached hereto as Exhibit N, in order to pay the costs of the Project. The Note will be dated the date of its delivery, will bear interest at the rate and will be payable (or will be subject to redemption or will mature) on the dates shown on Exhibit PC.

1.2. The Chief Legislative Officer and the Chief Administrative Officer or their duly elected and acting successors (the "Designated Officers") are hereby authorized and directed to execute and deliver such documents, and to do and perform all acts necessary and proper for the issuance and further security of the Note, including its execution and sealing and delivery to the Bank.

1.3. The Designated Officers are hereby further authorized and directed to provide to the Bank, a copy of the audited financial statements of the Local Government Unit no later than 180 days, and a copy of the budget of the Local Government Unit no later than 60 days, after each fiscal year end of the Local Government Unit while the Note is outstanding.

Section 2 — Preparation of Debt Statement.

As required by §8110 of the Local Government Unit Debt Act, the Designated Officers of the Local Government Unit shall prepare, execute and acknowledge the Debt Statement, and its accompanying Borrowing Base Certificate, forms of which are attached hereto as Exhibit DS.

Section 3 — Security and Payment of Note.

3.1. The Note shall be a general, full faith and credit, unlimited tax obligation of the Local Government Unit. The Local Government Unit hereby covenants with the Bank and with subsequent holders, from time to time, of the Note that it will (a) include the amount of the debt service for each fiscal year in which any installment of principal or interest is payable in its budget for that year, (b) appropriate such amounts to the payment of such debt service and (c) duly and punctually pay or cause to be paid the principal of and interest on the Note on the dates at the place and in the manner stated therein according to the true intent and meaning thereof; for such budgeting, appropriation and payment, the Local Government Unit hereby pledges its full faith, credit and taxing power.

3.2. The Local Government Unit does hereby create, and orders to be established (in its name and identified by reference to the Note), a Sinking Fund for the payment of the Note with the Bank, and does further covenant to maintain such Sinking Fund with a bank, in accordance with the Local Government Unit Debt Act, until the Note is paid in full. The Designated Officer is hereby authorized and directed to contract with the Bank for its services in such capacity, except as the same may be included in the Purchase Contract.

Section 4 - Tax Covenants.

4.1. The Local Government Unit hereby covenants that no part of the proceeds of the Note will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the Regulations thereunder applicable to the Note and that it will comply with the requirements of that Section and the Regulations throughout the term of the Note.

4.2. If: (a) the principal amount of the Note plus the aggregate principal amount of all other tax-exempt obligations issued and to be issued by or on behalf of the Local Government Unit during the current calendar year exceeds \$5,000,000 (\$10,000,000 in the case of certain debt issued for educational purposes); and if (b) the gross proceeds of the Note are invested at a yield greater than the yield on the Note; and if (c) the gross proceeds of the Note are not expended or deemed to have been expended either within six months from the date of issuance, or, if the Project is a construction project, within two years from the date of issuance (and according to certain periodic expenditure thresholds), all pursuant to §1.148.7 of the Regulations, the Local Government Unit covenants that it will rebate to the U.S. Treasury, at the times and in the manner required by the Code, the difference (if a positive number) between the investment income received on the Note proceeds and the investment income that would have been earned had the Note proceeds been invested at the yield of the Note.

4.3. The Local Government Unit hereby designates the Note as a Qualified Tax-Exempt Obligation pursuant to Section 265(b)(3) of the Code and represents that the total amount of obligations designated and to be designated by or on behalf of the Local Government Unit during the current calendar year does not and is not expected to exceed \$10,000,000.

4.04. The Local Government Unit will file IRS Form 8038-G and any other forms or information required by the Code or the Regulations to be filed with the Internal Revenue Service in order to further ensure the exclusion of the interest on the Note from gross income tax for federal income tax purposes.

Section 5 -- Award.

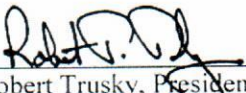
Having determined that a private sale by negotiation of the Note is in the best financial interest of the Local Government Unit, the Governing Body hereby awards and sells the Note to the Bank in accordance with the Purchase Contract which, as presented at this meeting, is hereby accepted and shall be executed by the Designated Officers.

Section 6 - Note Ordinance a Contract.

This Ordinance shall be deemed to be a contract with the holders, from time to time, of the Note.

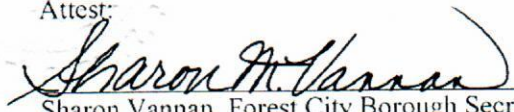
DULY ENACTED on June 4, 2012.

Forest City Borough

By 
Robert Trusky, President of Forest City Borough Council
and Chief Legislative Officer

(SEAL)

Attest:


Sharon Vannan, Forest City Borough Secretary
and Chief Administrative Officer