

Refunding of General Obligation Bonds, Series of
2003 Bonds
General Obligation Bonds, Series of 2012

Administration

ORDINANCE NO. 14971

FILE OF THE CITY COUNCIL

BILLNO 8

Introduced by _____ and _____

February 1, 2012

Amended by _____ and _____

February 15, 2012

AN ORDINANCE

OF THE COUNCIL OF THE CITY OF ALLENTOWN, LEHIGH COUNTY,
PENNSYLVANIA, AUTHORIZING AND DIRECTING THE ISSUANCE OF TAX EXEMPT
GENERAL OBLIGATION BONDS, SERIES OF 2012, IN THE MAXIMUM AGGREGATE
PRINCIPAL AMOUNT OF \$7,000,000 (THE 2012 GENERAL OBLIGATION BONDS OR
BONDS), PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT OF THE
COMMONWEALTH OF PENNSYLVANIA (THE ACT); PROVIDING THE NET
PROCEEDS OF THE SALE OF THE 2012 GENERAL OBLIGATION BONDS SHALL BE
APPLIED TO CARRY OUT THE ADVANCE REFUNDING OF A PORTION OF THE
REMAINING OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 2003 (THE

2003 GENERAL OBLIGATION BONDS OR THE PRIOR GENERAL OBLIGATION BONDS), SETTING FORTH THE ESTIMATED USEFUL LIFE OF THE IMPROVEMENTS AND THE ESTIMATED USEFUL LIFE OF THE IMPROVEMENTS FINANCED BY THE PRIOR GENERAL OBLIGATION BONDS, DETERMINING THAT SUCH SALE SHALL BE A PRIVATE SALE BY NEGOTIATION UNDER THE ACT, AND DETERMINING THAT THE BONDS SHALL BE NONELECTORAL DEBT OF THE CITY; FIXING THE INTEREST PAYMENT DATES, DENOMINATIONS AND REGISTRATION, TRANSFER AND EXCHANGE PRIVILEGES OF THE BONDS AND PROVIDING FOR BOOK ENTRY BONDS THROUGH DEPOSITORY TRUST COMPANY; SETTING FORTH THE MATURITY DATES, PRINCIPAL MATURITIES AND CURRENT INTEREST RATES OF EACH SERIES OF BONDS AND ESTABLISHING A REQUIRED SCHEDULE OF PAYMENTS WITH RESPECT TO THE SINKING FUND, AS HEREINAFTER ESTABLISHED, IN ORDER TO AMORTIZE THE BONDS; ESTABLISHING THE REDEMPTION PROVISIONS OF THE BONDS, BOTH OPTIONAL AND MANDATORY; ESTABLISHING THE NOTICE REQUIREMENTS WITH RESPECT TO THE REDEMPTION OF THE BONDS; ACCEPTING A BID FOR PURCHASE OF THE BONDS AND AUTHORIZING EXECUTION OF THE BOND PURCHASE AGREEMENT; DESIGNATING A PAYING AGENT AND REGISTRAR; DESIGNATING A PLACE AND METHOD OF PAYMENT OF THE BONDS AND INTEREST THEREON AND MAKING CERTAIN COVENANTS WITH RESPECT TO THE TAX FREE STATUS THEREOF; ESTABLISHING THE SUBSTANTIAL FORM OF THE BONDS AND THE PAYING AGENT'S CERTIFICATE RELATING THERETO; AUTHORIZING EXECUTION AND AUTHENTICATION OF THE BONDS; PROVIDING FOR THE REGISTRATION OF THE BONDS, THE MAINTENANCE OF RECORDS OF REGISTERED OWNERS AND TRANSFER OF THE BONDS; MAKING CERTAIN COVENANTS WITH RESPECT TO THE SEWER SYSTEM; PROVIDING FOR THE DEPOSITING AND PAYMENT OF THE FUNDS REQUIRED AND THE MAINTENANCE OF RECORDS; COVENANTING TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS RELATED TO CITY IMPROVEMENTS AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY TO SUCH PURPOSE; ESTABLISHING A SINKING FUND FOR THE BONDS AND AUTHORIZING AND DIRECTING PAYMENT THEREFROM; SETTING FORTH CERTAIN PROVISIONS WITH RESPECT TO THE INVESTMENT OF MONIES THEREIN; DESIGNATING A SINKING FUND DEPOSITORY; SETTING FORTH CERTAIN RIGHTS OF THE PAYING AGENT AND BONDHOLDERS IN THE EVENT OF DEFAULT AND OTHER RIGHTS OF THE PARTIES WITH RESPECT TO THE BONDS; PROVIDING FOR THE CIRCUMSTANCES UNDER WHICH THE ORDINANCE MAY BE AMENDED OR MODIFIED; PROVIDING FOR THE TERMS, CONDITIONS AND COVENANTS WITH RESPECT TO THE BOND INSURER, IF ANY, FOR THE BONDS; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO AND PERFORM CERTAIN SPECIFIED, REQUIRED OR APPROPRIATE ACTS; AUTHORIZING THE EXECUTION OF DOCUMENTS FOR SETTLEMENT AND THE PAYMENT OF ISSUANCE EXPENSES; DECLARING THAT THE DEBT TO BE INCURRED IS WITHIN THE LIMITATION IMPOSED BY THE ACT UPON INCURRING OF SUCH DEBT BY THE CITY; AUTHORIZING AND DIRECTING PROPER OFFICERS OF THE CITY TO DELIVER THE BONDS UPON EXECUTION AND AUTHENTICATION THEREOF, UPON

RECEIPT OF PROPER PAYMENT OF THE BALANCE DUE THEREFOR, AND ONLY AFTER SPECIFIED APPROVAL, AS REQUIRED, OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA; SETTING FORTH CERTAIN COVENANTS RELATING TO THE FEDERAL TAX STATUS OF THE BONDS; PROVIDING FOR COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12; COVENANTING TO PAY OVER AT SETTLEMENT SUFFICIENT MONIES TO PROVIDE FOR THE PAYMENT OF THE PRIOR BONDS OF EACH SERIES TO BE REFUNDED IN ACCORDANCE WITH THE REFUNDING PROGRAM AND AUTHORIZING AND DIRECTING CERTAIN OTHER ACTIONS AND APPROVING DOCUMENTATION WITH REGARD TO THE REFUNDING, AND ESTABLISHING SINKING FUNDS FOR THE BONDS BEING REFUNDED; PROVIDING FOR THE USE OF AND MAKING A COVENANT AS TO THE ADEQUACY OF THE PROCEEDS TO BE PAID OVER TO THE ESCROW AGENT FOR PURPOSES OF THE REFUNDING; COVENANTING AND DIRECTING THE USE OF PROCEEDS UNDER A 2003 BONDS ESCROW AGREEMENT; PRESCRIBING CERTAIN CONDITIONS OF THE ESCROW AGREEMENT AND AUTHORIZING AND DIRECTING ACTIONS OF THE ESCROW AGREEMENT; SETTING FORTH CERTAIN COVENANTS WITH RESPECT TO THE ADEQUACY OF REVENUES TO BE AVAILABLE UNDER THE ESCROW AGREEMENT; PROVIDING FOR THE ISSUANCE OF IRREVOCABLE INSTRUCTIONS TO THE PAYING AGENT FOR THE PRIOR BONDS SUBJECT TO EARLY OPTIONAL REDEMPTION TO CALL SAID BONDS FOR REDEMPTION ON CERTAIN SPECIFIED DATES, ALL PRIOR BONDS OF THE SERIES TO BE REFUNDED MATURING THEREAFTER, AND ESTABLISHING THE FORM OF SUCH IRREVOCABLE INSTRUCTIONS AND THE NOTICE OF REDEMPTION; PROVIDING FOR NOTICE TO ANY BOND INSURER; PROVIDING FOR SEVERABILITY OF PROVISIONS OF THE ORDINANCE; PROVIDING FOR REPEAL OF ALL ORDINANCES OR PARTS OF ORDINANCES SO FAR AS THE SAME SHALL BE INCONSISTENT; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.

WHEREAS, the City of Allentown, Lehigh County, Pennsylvania (the "City"), is a Local Government Unit, as defined in the Pennsylvania Local Government Unit Debt Act, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, constituting Title 53, Part VII, Subpart B of the Pennsylvania Consolidated Statutes (the "Act"); and

WHEREAS, the City did previously authorize, issue and sell a certain series of obligations, its General Obligation Bonds, Series of 2003 dated as of March 15, 2003 in the original aggregate principal amount of \$17,495,000 (the "2003 Bonds" or "Prior Bonds"); and

WHEREAS, the Council of the City, in order to effect a savings resulting from currently available interest rates, has determined to advance refund a portion of the remaining the principal of and interest due on the Prior Bonds, ("Bonds") in accordance with the provisions of Section 8241 (b)(1) of the Act, by providing for the payment of the interest to and principal at maturity or redemption on such Prior Bonds pursuant to a refunding program (the "Refunding Program" or "Prior Bonds Refunding"), encompassing the refunding of the outstanding principal of and interest due on the Prior Bonds; and

WHEREAS, the Council of the City has determined to retire the Prior Bonds in accordance with a refunding report prepared by Valco Capital Ltd. as the financial advisors to the City Administration and Public Financial Management Inc. as the financial advisors to City Council (collectively the "Financial Advisors") at such time as the present value of debt service savings resulting from the refunding of the Prior Bonds, net of the costs and expenses of issuing bonds equals at least \$200,000 (the "Required Savings"); and

WHEREAS, additionally and as part of the Refunding Program, the necessary funds will be deposited with The Bank of New York Mellon, the Paying Agent for the Prior Bonds. The funds deposited are designed to be adequate as to amount and appropriate as to availability to pay the interest on and principal at maturity or optional redemption of the Prior Bonds being refunded; and

WHEREAS, the Council of the City has determined to implement the foregoing decisions by the authorization, issuance and sale of a new series of obligations, being the City's General Obligation Bonds, Series of 2012 (the "2012 General Obligation Bonds" or "Bonds"); and

WHEREAS, all of the Bonds proceeds, after payment of costs of issuance and insuring the Bonds, together with any other monies available or to be available for the purpose, will provide the necessary funds for the Prior Bonds Refunding and the cost of issuance; and

WHEREAS, the Council of the City, in contemplation of the authorization, issuance and sale of the Bonds, has determined that the Bonds shall be offered for sale, which sale shall be a private sale by negotiation, which it believes is in the best interests of the City; and

WHEREAS, the Council of the City, in contemplation of the authorization, sale, issuance and delivery of the Bonds, with the proceeds to be used for the aforesaid purposes, has determined that the Bonds:

(a) Shall be offered at private sale by negotiation; and

(b) Shall be offered for sale at a price of not less than 95% nor more than 110% of the principal amount together with accrued interest, if any, from the date thereof to the date of delivery thereof; and

(c) Shall be made pursuant to a written proposal ("Proposal") and any addendum with Public Financial Management Inc., and its assignee upon terms and conditions evidencing the Required Savings level required; and

(d) Shall be within the maximum amount and rate set forth herein.

WHEREAS, a "Proposal for the Purchase of Bonds" dated February 15, 2012 (the "Proposal") has been received from Public Financial Management Inc. as financial advisors to City Council. The Proposal is in substantial form appended hereto as Schedule "H". The Proposal contains certain financial parameters for, and conditions to, the underwriting and issuance of the Bonds (the "Bond Parameters"), which will be supplemented by an addendum to

the Proposal containing the final terms and conditions of the Bonds, consistent with the Bond Parameters and Required Savings level and the provisions of the Act; and

WHEREAS, the Council of the City desired to maximize the City's interest rate savings and as such, authorizes the Mayor, Finance Director and City Clerk, which shall include their duly qualified successors in office, if applicable, are authorized and directed on such a date and time after this meeting in a manner consistent with the Act to execute the Proposal and any addendum thereto provided that the Required Savings level is achieved; and

WHEREAS, the Council desires to award the Bonds to Public Financial Management Inc. and their assignees at private sale by negotiation and to accept their Proposal in the form submitted; to authorize issuance of non-electoral debt in the aggregate principal amount of the Bonds in connection with the Financing Study; and to take appropriate action and to authorize such action in connection with the Refunding Program, all in accordance with and pursuant to provisions of the Act.

NOW THEREFORE, BE IT ORDAINED, by the Council of this City, as follows:

Section 1. The Council of the City does authorize and direct the issuance of General Obligation Bonds, Series of 2012, pursuant to this Ordinance, in the maximum aggregate principal amount of \$7,000,000, for the purposes of carrying out the Prior Bonds Refunding. The 2012 General Obligation Bonds will be general obligations of the City payable from the general revenues of the City.

Section 2. A brief description of the Refunding Program for which a portion of the debt to be incurred, of which the Bonds shall be evidence, is contained in the preamble hereof. The realistic estimated useful lives of the capital projects financed by the Refunded Bonds,

which were "Projects" as defined in Section 8002 of the Act, were previously determined to be from 5 to 30 years in each case, and the amortization of the Refunded Bonds was structured to fully amortize on a level or earlier basis each component of such Projects before the expiration of their useful lives. The useful lives of such Projects is not less than previously determined, and the portion of the Bonds, the proceeds of which are designated to the Refunding Program, as structured will fully amortize on a level or earlier basis each component of the Projects before the expiration of their useful lives.

Section 3. The Bonds shall be sold at private sale by negotiation and may be issued in one or more series, which the Council of the City has determined to be in the best interests of the City. The Council of the City has determined that the debt, of which the Bonds shall be evidence, shall be nonelectoral debt of the City.

Section 4. (a) The Bonds shall be dated as of the date of issuance or such other date mutually agreed to by the parties, (the "Dated Date"), and shall bear interest payable semiannually on April 1 and October 1 of each year, with the first such date being designated as the "Initial Interest Payment Date", or such other dates as mutually agreed to by the parties to the registered owners thereof, at the rate per annum stated thereon, from the interest payment date next preceding the date of registration and authentication of a Bond, unless the Bond is registered and authenticated as of an interest payment date, in which event the Bond shall bear interest from such interest payment date, or unless the Bond is registered and authenticated prior to the Initial Interest Payment Date, in which event the Bond shall bear interest from the Dated Date, or unless, as shown by the records of the Paying Agent (hereinafter identified), interest on the Bond shall be in default, in which event the Bond shall bear interest from the date on which interest

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

(b) If any interest payment date for the Bonds shall be a Saturday, Sunday or legal holiday or a day on which banking institutions in the City of Philadelphia where the Pennsylvania corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for payment of such principal of or interest on the Bonds shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

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

nominee for DTC. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Bond owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

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

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

owners of Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, unless use of the book-entry only system is discontinued as described below.

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

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

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

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

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

(j) The City and the Paying Agent cannot and do not give any assurances that DTC, the DTC Participants or the Indirect Participants will distribute to the beneficial owners of the Bonds (1) payments of principal or redemption price of or interest on the Bonds, (II) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Bonds, or (III) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

(k) Neither the City nor the Paying Agent will have any responsibility or obligation to any DTC Participant, Indirect Participant or beneficial owner or any other person with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any DTC Participant or Indirect Participant; (3) the payment by DTC or any DTC participant or Indirect

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

(1) DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the City and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In addition, the City may discontinue the book-entry only system for the Bonds at any time if it provides thirty (30) days' notice of such discontinuation to the Paying Agent and DTC that continuation of the book-entry only system is not in the best interests of the City. Upon the giving of such notice, the book-entry only system for the Bonds will be discontinued unless a successor securities depository is appointed by the City. In either of such events (unless the City appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the City, the Paying Agent or the Bond Registrar for the accuracy of such designation. Whenever DTC requests the City, the Paying Agent and the Bond Registrar to do so, the City, the Paying Agent and the Bond Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Section 5. The Bonds shall be issued in the aggregate principal amounts, shall be numbered consecutively within maturities, and shall mature on the dates, and in the amounts, and shall bear interest at the rates and require the amortization payments to the respective sinking funds hereinafter established, all as set forth in the schedules contained in the attached Schedule "A" of this Ordinance.

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

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

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

(b) Any redemption of Bonds pursuant to Section 8 and 9 above shall be made after notice by mailing by first class mail a notice thereof to the registered owners of all Bonds to be redeemed and to any bond insurer then insuring the Bonds, not less than thirty (30)

days but not more than forty-five (45) days prior to the date fixed for redemption, or after waivers of such notice executed by the registered owners of all Bonds to be redeemed shall have been filed with the Paying Agent. Failure to mail any notice or any defect therein or in the mailing thereof, with respect to any particular Bond, shall not affect the validity of the proceedings for redemption of any other Bond. Any notice of redemption mailed in accordance with these requirements shall be conclusively presumed to have been duly given, whether or not such registered holder actually receives the notice. Notice having been so given or waived, and provision having been made for redemption from funds on deposit with the Paying Agent, all interest on the Bonds called for redemption accruing after the date fixed for redemption shall cease, and the registered owners of the Bonds called for redemption shall have no security, benefit or lien under this Ordinance or any right except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

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

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

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

(iii) in the case of partial redemption of any Bonds, the

respective principal amounts thereof to be redeemed;

(iv) the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will

become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(vii) the place where such Bonds are to be surrendered for

payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent for the Bonds;

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

(e) If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the applicable corporate

trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for payment of the principal and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

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

Section 9. The Council of the City shall and does authorize the acceptance of the Proposal of Public Financial Management Inc. and their assignee for purchase of the Bonds, which Bonds shall be and are awarded to Public Financial Management Inc., in accordance with the terms of their Bond Purchase Contract, at private sale by negotiation, at a price of not less than 95% nor more than 110% of the principal amount, together with accrued interest from the date thereof to the date of delivery thereof, Public Financial Management Inc. covenanting to submit their Bond Purchase Contract in accordance with provisions of the Act. The Mayor or Finance Director and City Clerk are authorized and directed to execute the awarded Bond Purchase Contract and any addendum thereto provided that the terms of the Bond Purchase Contract are such that the Required Savings level is achieved. In a manner consistent with this authorization the Mayor or Finance Director and City Clerk may accept the recommendation of

the Financial Advisors with regards to the selection of the Bond Insurer and any mandatory redemption or other redemption provisions or terms. The Financing Study as submitted by the Financial Advisors is hereby accepted, approved and adopted. The Preliminary Official Statement in the form presented is hereby approved and distribution thereof and a final Official Statement when completed are hereby authorized.

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

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

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

Section 13. The Bonds shall be executed in the name of and on behalf of this City by the facsimile signatures of the Mayor and the President of City Council, respectively, and a facsimile of the official seal of this City shall be affixed thereunto. Bonds executed and bearing facsimile signatures as above provided may be issued and shall, upon request of the City, be authenticated by the Paying Agent, notwithstanding that one or more of the officers signing such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds. The Bank of New York Mellon, in its capacity as Paying Agent, hereby is authorized, requested and directed to authenticate the Bonds by execution of the Certificate of Authentication endorsed on the Bonds by a duly authorized officer. No Bonds shall be valid until the Certificate of Authentication shall have been duly executed by the Paying Agent, and such authentication shall be proof that the registered owner is entitled to the benefit of the Ordinance.

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

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

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

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

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

(d) The City and the Paying Agent will not be required to issue or transfer or exchange any Bonds during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business day on which the applicable notice of redemption is given, or to transfer

any Bonds which have been selected or called for redemption in whole or in part until after the redemption date.

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

Every substituted Bond issued pursuant to this subsection shall constitute an additional contractual obligation of the City, whether or not the Bond to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued hereunder.

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

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

Section 15. The City covenants to and with holders or registered owners of the Bonds which shall be outstanding, from time to time, pursuant to the Ordinance, that the City shall include the amount of the debt service, as set forth in the appropriate schedule annexed to Section 5 hereof, for each fiscal year of this City in which such sums are payable, in its budget for such fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall payor shall cause to be paid not later than the due date thereof to the sinking fund hereinafter established the principal of each of the 2012 General Obligation Bonds and the interest thereon on the dates and place and in the manner stated therein according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this City

shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of this City shall be enforceable specifically.

Furthermore:

(a) There is created pursuant to Section 8221 of the Act, a sinking fund for the 2012 General Obligation Bonds, to be known as the "Sinking Fund--General Obligation Bonds, Series of 2012" or the "2012 General Obligation Bonds Sinking Fund", which sinking fund shall be administered in accordance with applicable provisions of the Act.

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

(c) The Paying Agent from time to time, may invest and/or deposit money which shall be in its possession hereunder and which shall not be required for application to payment of principal and/or interest with respect to the Bonds, in such manner as may be permitted by applicable laws of the Commonwealth, for such period of time as will not affect adversely the availability of such money as and when required for application to payment of principal and/or interest with respect to the Bonds for the account and benefit of the City; provided, however, that no such investment and/or deposit shall be made which, in any manner: (1) may impair the principal amount thereof; or (2) may cause the Bonds issued by the City

under this Ordinance to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, including applicable regulations promulgated, from time to time, in connection therewith and pursuant thereto.

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

(e) All monies deposited in the sinking fund for the payment of the Bonds and interest thereon, which have not been claimed by the owners thereof after two years from the date when payment is due, except where such monies are held for the payment of outstanding checks, drafts or other instruments of the Paying Agent, shall be returned to the City. Nothing contained herein shall relieve the City of its liability to the holders of unrepresented Bonds.

Section 16. The City appoints The Bank of New York Mellon as the Sinking Fund Depository with respect to the 2012 General Obligation Bonds Sinking Fund, created pursuant to Section 15 of this Ordinance.

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

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

(b) With respect to the Bonds hereunder, all such Bonds which shall be paid, purchased or redeemed by the City or the Paying Agent pursuant to the terms and provisions of this Ordinance shall be canceled and cremated or otherwise destroyed by the Paying Agent, which shall then furnish the City with a Certificate of Cremation or Destruction.

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

(d) With respect to the Bonds hereunder, the City may from time to time and at any time, adopt a supplemental ordinance in order to: (1) cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or (2) grant to or confer upon the owners of the Bonds any additional rights, remedies, powers, authority, or security that may be lawfully granted to or conferred upon them. This Ordinance may also be amended or modified from time to time, except with respect to the principal or interest payable upon the Bonds, or with respect to the dates of maturity or redemption provisions of the Bonds, and in the case of any such permitted amendment or modification, a certified copy of the same shall be filed with the Paying Agent, following approval in writing by the owners of not less than 51 percent in principal amount of the Bonds then outstanding, other than Bonds provision for payment or redemption of which has been made prior to the effective date thereof as provided in sub-section (c) above, and the written consent of any municipal bond insurance company then insuring the Bonds.

(e) So long as the Bonds shall be insured as to payment to any extent by the bond insurer ("Bond Insurer"), the City authorizes, directs and accepts the purchase of a Bond Insurance Policy upon the terms and conditions set forth by the Bond Insurer in its commitment letter and in accordance with the terms of the Bond Purchase Agreement awarded and incorporated in Schedule "G". The statement of insurance set forth by the Bond Insurer is hereby accepted and it is directed that such statement of insurance shall be included with the

Bonds. The Ordinance may be amended or deemed amended by Supplemental Ordinance to satisfy the requirements of the Bond Insurance Policy and Bond Insurer, from time to time, if necessary.

Section 18. The Mayor and the Finance Director, respectively, of this City, which shall include their duly qualified successors in office, if applicable, are authorized and directed as appropriate; (a) to prepare, to certify and to file the debt statement required by Section 8110 of the Act; (b) to prepare and file, as required with the Department of Community and Economic Development (the "Department") of the Commonwealth, statements required by Section 8024, 8025 or 8026 of the Act, which are necessary to qualify certain nonelectoral and lease rental debt of this City and, if necessary, the debt which will be evidenced by the Bonds to be issued hereunder, and in particular that portion of the Bonds related to the Sewer Improvements and Water Improvements, as subsidized, excluded or self-liquidating debt; (c) to prepare, execute and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Bonds, upon issue, will be evidence, as required by Section 8111 of the Act; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (e) to take other required necessary and/or appropriate action.

Section 19. The Mayor and the Finance Director, respectively, of this City are authorized and directed to contract with The Bank of New York Mellon, for its services as Sinking Fund Depository and as Paying Agent in connection with the Bonds, and with the bond insurer (the "Bond Insurer") designated in the attached Schedule "E", if any, and are authorized and directed to execute on behalf of the City at the appropriate time, a Paying Agent Agreement

with u.s. Bank National Association, as Paying Agent for the Bonds, a Continuing Disclosure Certificate, and a commitment to purchase bond insurance from the Bond Insurer. The Mayor and the Finance Director are authorized to approve payment by the Paying Agent at settlement on the sale of the Bonds of all costs and expenses incidental to such issuance and sale including the bond insurance premium due any Bond Insurer.

Section 20. It is declared that the debt to be incurred by the issuance of the Bonds hereby, together with any other indebtedness of the City, is not in excess of any limitation imposed by the Act upon the incurring of non-electoral debt by the City.

Section 21. Proper officers of the City are authorized and directed to deliver the Bonds upon execution and authentication thereof as provided for herein, to the Investment Bankers, but only upon receipt of proper payment of the balance due therefore, and only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 22. (a) The City hereby covenants with the registered owners, from time to time, of the Bonds that no part of the proceeds of the Bonds or of any moneys on deposit with the Paying Agent and Sinking Fund Depository hereunder will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder (the "Regulations") proposed or in effect at the time of such use and applicable to the Bonds, and that it will comply with the requirements of that section of the Code and the Regulations throughout the term of the Bonds.

(b) If the gross proceeds of the Bonds are invested at a yield greater than the applicable yield on the bonds and are not expended within six months from the date of issuance, or within eighteen (18) months therefrom if Section 1.148-7(d) of the Regulations shall be applicable, or within two (2) years therefrom if Section 148(f)(4)(B)(iv)(II) of the Code shall be applicable, the City covenants that it will "Rebate" to the U.S. Treasury, at the times and in the manner required by the Code, all investment income derived from investing the proceeds of the Bonds in an amount which exceeds the amount which would have been derived from the investment of the proceeds of the Bonds at a yield not in excess of the yield on the Bonds. Provided however, that the Mayor and the Finance Director are hereby authorized on behalf of the City to exercise an election to pay, in lieu of Rebate, a penalty pursuant to Section 148(f)(4)(B)(iv)(V) of the Code, which election, if made in their discretion, shall be contained in the City's Non-Arbitrage Certificate with respect to the Bonds issued at closing thereon, and shall thereupon become binding upon the City, in which case the City shall pay the appropriate penalties, as applicable, as and when due, in lieu of Rebate.

Section 23 . (a) The City covenants that, concurrently with the delivery of the Bonds to the Underwriter, there will be paid over to and for the account of the Paying Agent for the 2003 Bonds ("2003 Paying Agent") by the City an amount of money which, together with other available monies, will be sufficient to provide necessary funds to enable the 2003 Paying Agent to provide necessary funds to pay the interest and principal at redemption on the Redemption Date for those 2003 Bonds being refunded and for the costs of retirement on such date of the 2003 Bonds then outstanding and being refunded in accordance with the Refunding Program.

(b) The City further covenants that the Bonds will not be delivered to the underwriters of the Bonds unless and until the City prior to or concurrently with such delivery, shall have taken or shall take all action as shall be necessary and/or appropriate to implement and effectuate provisions for the aforesaid defeasance of the portion of the 2003 Bonds being refunded pursuant to the Refunding Program. The intent and purpose of the foregoing is to insure that the City will take such action and will cause such action to be taken and will do such things and will cause the 2003 Bonds Paying Agent to do such things, prior to or concurrently with delivery of the refunding portion of the Bonds, as shall be necessary and/or appropriate to implement and effectuate provision of the aforesaid defeasance of the 2003 Bonds, so that simultaneously with delivery of the refunding portion of the Bonds to the Underwriter, for purposes of the Act, such 2003 Bonds no longer shall be considered to be outstanding, and the City shall be deemed to have made appropriate provisions for the retirement of the outstanding non-electoral debt which was evidenced thereby.

(c) To the extent required, the City shall enter into any appropriate escrow agreements with the 2003 Bonds Paying Agent ("Escrow Agent"), to cause and require the Escrow Agent to take actions necessary in order to carry out the Refunding Program.

(d) There is created pursuant to Section 8221 of the Act, sinking funds for the 2003 Bonds to be refunded under a 2003 Bonds Escrow Agreement to be known as the "Escrow Fund", which sinking funds shall be administered in accordance with the Act.

(e) The Bank of New York, or its successors, is hereby designated as Escrow Agent under the Escrow Agreement and as Sinking Fund Depository for the Escrow Fund under the Escrow Agreement;

(f) The President or Vice President of the Council or Finance Director, which shall include their duly qualified succession office, or any representative of the Underwriter are

authorized and directed to execute any required subscriptions or other orders for the purchase of the investments to be purchased pursuant to the Refunding Program under the 2003 Escrow Agreement, or otherwise and to cause such orders, or subscriptions to be delivered promptly to the Federal Reserve Bank or other issuer or supplier.

Section 24. The City hereby covenants that the proceeds of the Bonds allocated to the Refunding Program shall, after the payment of costs and expenses with respect to the issuance of the Bonds, be deposited with the Escrow Agent for the 2003 Bonds under the Escrow Agreement between the City and the Escrow Agent, respectively, to provide the appropriate and required funds, to refund the 2003 Bonds being refunded pursuant to the Refunding Program. The City further covenants that the principal amount of such funds so deposited, and the interest to be earned thereby, together with any other available funds deposited thereunder, shall be adequate with respect to the 2003 Bonds to make all payments of interest as due, and principal at maturity or redemption, according to the Refunding Program. The City further covenants that the amounts so deposited with said 2003 Bonds Paying Agent/Escrow Agent as aforesaid or as otherwise paid to the Paying Agent/Escrow Agent shall also be adequate to pay all fees for the services to be performed by the 2003 Bonds Paying Agent/Escrow Agent, including the retirement of the 2003 Bonds when called for redemption or the City will pay such costs and any other incidental costs and expenses.

Section 25. The City covenants that any Escrow Agreement to be entered into between the City and the Escrow Agent shall require the Escrow Agent to utilize the proceeds and any other funds available, and any other funds to be deposited thereunder for the purpose, and that such total funds will be adequate, to purchase the Investments as set forth in the schedules attached to the Financing Study and/or the Refunding Program of the Underwriter accepted under this Resolution, and as attached to the Bonds Escrow Agreement. The said Escrow

Agreement shall provide that the Escrow Agent will, without further direction from the City, pay from the Refunding Investment Revenues derived by way of interest to and principal at maturity on the Investments and other available monies, as above required, the interest due and principal at maturity or at redemption on the 2003 Bonds, to the extent of the funds available. The 2003 Escrow Agreement shall be substantially in the form set forth in Schedule "G" hereof.

Section 26. The City does hereby authorize and direct the issuance of irrevocable instructions (the "Irrevocable Instructions") to the Paying Agent for the 2003 Bonds called for the redemption for those 2003 Bonds being refunded such instructions and the notices of redemption to be given thereby to be in substantially the forms set forth in Schedule "IF".

Section 27. The City does hereby covenant and agree, for the benefit of the holders of the Bonds from time to time, that it will comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission ("SEC") with respect to municipal securities disclosure, and will execute and comply with an appropriate Continuing Disclosure Certificate as approved by counsel as long as the Bonds are outstanding.

Section 28. The City and the Paying Agent shall notify any Bond Insurer as soon as possible but in all events within the time period specified by the Bond Insurer after such entity has received notice or has knowledge of (i) an Event of Default; or (ii) the failure to make any required deposit to the sinking funds for the Bonds to pay principal or interest when due. Any notice that is required to be given to Bondholders or the Paying Agent pursuant to the Ordinance or any Supplemental Ordinance shall also be provided to Bond Insurer. All notices required to be given to the Bond Insurer under this Ordinance shall be in writing and shall be sent by registered or certified mail.

Section 29. In the event that any provision, section, sentence, clause or part of this Ordinance shall be held invalid, such invalidity shall not affect or impair any remaining

provision, section, sentence, clause or part of this Ordinance, it being the intent of the City that such remainder shall be and shall remain in full force and effect.

Section 30. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

Section 31. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ENACTED this 15th day of February, 2012, by the Council of the City of Allentown, Lehigh County, Pennsylvania, in lawful session duly assembled.

CITY OF ALLENTOWN

BY: _____
(Vice) President of Council

ATTEST:

City Clerk

(SEAL)

Examined and approved by me this 15th day of February, 2012.

Mayor of the City of Allentown
Lehigh County, Pennsylvania

I hereby certify that the foregoing Ordinance was passed by the City Council and signed by his Honor the Mayor on February 15, 2012.

City Clerk

\$7,000,000
CITY OF ALLENTOWN
GENERAL OBLIGATION BONDS
SERIES OF 2012
MAXIMUM DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Max Principal</u>	<u>Max Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>
10/1/2012	350,000	6.000	210,000.00	560,000.00	560,000.00
4/1/2013			199,500.00	199,500.00	
10/1/2013	245,000	6.000	199,500.00	444,500.00	644,000.00
4/1/2014			192,150.00	192,150.00	
10/1/2014	245,000	6.000	192,150.00	437,150.00	629,300.00
4/1/2015			184,800.00	184,800.00	
10/1/2015	750,000	6.000	184,800.00	934,800.00	1,119,600.00
4/1/2016			162,300.00	162,300.00	
10/1/2016	735,000	6.000	162,300.00	897,300.00	1,059,600.00
4/1/2017			140,250.00	140,250.00	
10/1/2017	750,000	6.000	140,250.00	890,250.00	1,030,500.00
4/1/2018			117,750.00	117,750.00	
10/1/2018	760,000	6.000	117,750.00	877,750.00	995,500.00
4/1/2019			94,950.00	94,950.00	
10/1/2019	775,000	6.000	94,950.00	869,950.00	964,900.00
4/1/2020			71,700.00	71,700.00	
10/1/2020	775,000	6.000	71,700.00	846,700.00	918,400.00
4/1/2021			48,450.00	48,450.00	
10/1/2021	795,000	6.000	48,450.00	843,450.00	891,900.00
4/1/2022			24,600.00	24,600.00	
10/1/2022	820,000	6.000	24,600.00	844,600.00	869,200.00
TOTALS	7,000,000		2,682,900.00	9,682,900.00	9,682,900.00

Public Financial Management, Inc. 1/26/2012

SCHEDULE "A"

MANDATORY REDEMPTION

Any mandatory redemption provisions shall be mutually agreed upon by the parties.

SCHEDULE "B"

OPTIONAL REDEMPTION

The optional redemption provisions shall be mutually agreed upon by the parties.

SCHEDULE "C"

REGISTERED

REGISTERED

NUMBER

\$ _____

GOB-1

UNITED STATES OF AMERICA
 COMMONWEALTH OF PENNSYLVANIA
 CITY OF ALLENTOWN
 LEHIGH COUNTY
 GENERAL OBLIGATION BOND, SERIES OF 2012

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date of Series</u>	<u>CUSIP</u>
_____ %	_____, 2012	_____, 2012	_____

The CITY OF ALLENTOWN, Lehigh County, Pennsylvania (the "City"), a body corporate and politic existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, promises to pay to the order of CEDE & CO., or registered assigns, on the maturity date stated hereon, upon presentation and surrender hereof, the sum of

_____ THOUSAND DOLLARS

and to pay semiannually on _____ and _____ of each year, beginning _____, 2012, to the registered owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated prior to _____, 2012, in which event this Bond shall bear interest from _____, 2012, or unless, as shown by the records of the Paying Agent

SCHEDULE "D-1"

hereinafter interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

This Bond is one of a series of bonds of the City, known generally as "General Obligation Bonds, Series of 2012" (the "Bonds"), stated to mature in each of the years _____ through _____ inclusive in the aggregate principal amount of _____ Million _____ Thousand Dollars (\$ _____) authorized pursuant to an ordinance (the "Ordinance") of the City finally enacted February 15, 2012. The proceeds of sale of the Bonds will be utilized to fund the Improvements and the City as defined in the Ordinance.

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

SCHEDULE "D-2"

Bonds maturing on or after _____, are subject to redemption prior to maturity, at the option of the City, as a whole on _____, or on any date thereafter, or, in part on _____, or on any date thereafter, as directed by the City, and by lot within a maturity, allowing sufficient time for notice as required hereafter, unless waived, in each case upon payment of the principal amount, together with accrued interest to the date fixed for redemption.

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

The interest on this Bond, which is payable by check drawn on The Bank of New York Mellon Trust Company, N.A., as paying agent, or its successors (the "Paying Agent"), and the principal of and premium, if any, on this Bond, which are payable upon surrender, are payable in lawful money of the United States of America at the corporate trust office of the Paying Agent in Philadelphia, Pennsylvania. Payment of the interest hereon shall be made to the registered owner hereof whose name and address shall appear, at the close of business on the last day of the month next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the City shall be in default in payment of interest due on such interest payment date. In the event of such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at

SCHEDULE "D-3"

the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

If any interest payment date or redemption date for the Bonds shall be a Saturday, Sunday or legal holiday or a day on which such banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for payment of such principal of or interest on the Bonds or amount due at redemption shall be the next succeeding day which is not a Saturday, Sunday or legal holiday or day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

The Bonds are issuable only in the form of registered bonds, without coupons, in the denominations of \$5,000 principal amount or any integral multiple thereof. The City and the Paying Agent shall not be required (a) to issue or transfer or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) 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 given or (b) to transfer or exchange any portion of any Bond selected for redemption until after the redemption date.

Bonds may be exchanged for like aggregate principal amount of Bonds of other authorized denominations, of the same series and maturity. This Bond may be

SCHEDULE "D-4"

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

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

SCHEDULE "D-5"

Any such redemption (if applicable) shall be made after notice by mailing by first class mail a notice thereof to the registered owners of all Bonds to be redeemed and to any bond insurer then insuring the Bonds, not more than forty-five (45) days nor less than thirty (30) days prior to the date fixed for redemption, at the address shown on the registration books, or after waivers of such notice executed by the registered owners of all Bonds to be redeemed shall have been filed with the Paying Agent, all as provided for in the Ordinance. Failure to mail any notice or any defect therein or in the mailing thereof, with respect to any particular Bond, shall not affect the validity of the proceedings for redemption of any other Bond.

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

If at the time of mailing a notice of optional redemption the City shall not have deposited with the Paying Agent for the Bonds moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent not later than the opening of

SCHEDULE "D-6"

business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

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

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

SCHEDULE "D-7"

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name by the signature or the facsimile signature of the Mayor and the President of City Council, attested by the signature or facsimile signature of the City Clerk, and the seal or a facsimile of its seal to be affixed hereto, all as of _____,2012.

ATTEST:

CITY OF ALLENTOWN

BY: _____
City Clerk

BY: _____
Mayor

BY: _____
President of City Council

(SEAL)

SCHEDULE "D-8"

STATEMENT OF INSURANCE

SCHEDULE "D-9"

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

It is certified that:

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

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
Paying Agent

Authentication Date

By: _____
Authorized Representative

SCHEDULE "D-1 0"

(FORM OF ASSIGNMENT)

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

Name
Address

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

_____ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name(s) appearing upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Numbers and date of the trust and the name of the trustee should be supplied.

Signature Guaranteed:

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

SCHEDULE "D-II "

BOND INSURANCE

Any issuance of bond insurance shall be mutually agreed upon by the parties and pursuant to a commitment letter issued by the Insurer.

SCHEDULE "E"

such notice to MBIA, to Depository Trust Company, to The Bond Buyer, to Moody's Investors Service, Inc., and to Standard & Poor's Corporation, New York, New York.

B. To give notice by certified mail to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access System ("EMMA"), and any state information repository established for the Commonwealth of Pennsylvania (none presently).

C. To take such other action by way of notice or publication of the Notice of Redemption with respect to the redemption of the 2003 Bonds so called for redemption as you may deem appropriate to bring about the orderly and efficient redemption of the 2003 Bonds then outstanding, including publication with the Electronic Municipal Market Access System ("EMMA") as provided at www.emma.msrb.org. The City has obligated itself by the Resolution authorizing the refunding to make available such monies as shall be reasonably necessary for costs and expenses of complying with these instructions.

It is assumed by the City that you will make appropriate arrangements and provisions so that the strict compliance with the irrevocable instructions contained herein will be assured. You are hereby designated as the City's true and lawful attorney for purposes of carrying out this redemption.

ATTEST:

CITY OF ALLENTOWN

BY: _____
City Clerk

BY: _____
Mayor

(SEAL)

SCHEDULE "F-2/1

RECEIPT AND ACKNOWLEDGEMENT

Receipt of the foregoing instructions, duly executed by the appropriate officers of the City, and a copy of the Ordinance of the City referred to therein, and copies of the Notice of Redemption, is hereby acknowledged. It is further acknowledged that the Irrevocable Instructions contained in the foregoing are satisfactory to the Paying Agent.

Signed, sealed and dated this ____ day of _____, 2012.

as Paying Agent

BY: _____
Authorized Officer

NOTICE OF REDEMPTION

TO: REGISTERED OWNERS OF GENERAL OBLIGATION BONDS, SERIES OF 2003, DATED AS OF MARCH 15, 2003, AND MATURING ON OR AFTER OCTOBER 1, 2015.

NOTICE is given by the CITY OF ALLENTOWN (the "City") that the City, by appropriate Ordinance, has exercised its option to call for redemption and does call for redemption, as of October 1, 2015, a portion of its remaining outstanding bonds designated generally as its "General Bonds, Series of 2003" issued under and secured by an ordinance (the "2003 Ordinance"), in accordance with the right and privilege reserved to the City in the 2003 Bonds and under the 2003 Ordinance.

The date fixed for redemption of the Refunded Bonds is October 1, 2015 (the "Redemption Date"); and on the Redemption Date each of the Refunded Bonds will become and will be due and payable at the corporate trust office of the Paying Agent, _____ or its successors, _____, Pennsylvania and from and after the Redemption Date interest on such Refunded Bonds will cease to accrue, irrespective of whether such Refunded Bonds are presented and surrendered to the Paying Agent.

The principal amount of the Refunded Bonds, together with accrued interest to the Redemption Date, will become and will be due and payable at the corporate trust office of the Paying Agent and will be paid upon presentation and surrender of the Refunded Bonds, in registered form, as provided in the Ordinance. A portion of October 1, 2012 will be escrowed to maturity. The Refunded Bonds so called for redemption are the following:

General Obligation Bonds, Series of 2003

<u>Maturity Date</u>	<u>Rate</u>	<u>Cusip Number Bonds (Last Three Digits)</u>	<u>Amount Per \$5,000 Bond*</u>
10/1/2015	5.500%		\$ 505,000
10/1/2016	5.500%		\$ 530,000
10/1/2017	5.500%		\$ 560,000
10/1/2018	5.500%		\$ 590,000
10/1/2019	5.500%		\$ 625,000
1011/2020	5.000%		\$ 655,000
10/1/2021	5.000%		\$ 690,000
10/1/2022	5.000%		\$ 725,000

It is suggested that registered or certified mail be used for forwarding the Refunded Bonds for redemption, and that it is not necessary to endorse and guarantee the Refunded Bonds unless payment is to be made to someone other than the registered holder. Holders of the above-described securities should submit certified Taxpayer Identification Numbers on I.R.S. Form W-9 when presenting their securities for redemption.

SCHEDULE "F-5"

This Notice of Redemption is given in accordance with requirements of the Refunded Bonds and the Ordinance.

By Order of the City Council.

CITY OF ALLENTOWN

Dated: _____, _____

Submit Bonds for Redemption to:

U.S. Bank National Association

Attention: _____

SCHEDULE "F-6"

undertake a project to advance refund certain of the presently outstanding 2003 General Obligation Bonds ("the 2003 Bonds"), which mature on and after October 1, 2015 (the "Refunded Bonds"); and

WHEREAS, under the terms of the Act, defeasance of the Refunded Bonds may be accomplished by depositing with the 2003 Paying Agent funds sufficient for payment of all interest and principal and applicable premium, if any, to maturity or redemption, with irrevocable direction so to apply to same, at or prior to maturity or redemption thereof, which the City intends to do; and

WHEREAS, the City has authorized for issuance and delivery its "General Obligation Bonds, Series of 2012 in the total aggregate principal amount of \$ _____ dated as of _____ (the "Bonds"), which Bonds have been issued by the City concurrently with the date of the effectiveness hereof, under the provisions of an ordinance of the City duly enacted finally on February 15, 2012 (the "Ordinance "), in part to accomplish the refunding of those Refunded Bonds maturing on and after October 1, 2015, pursuant to a Refunding Program as defined in the Ordinance, as follows:

(a) Making money available for payment by the Bank, from the date hereof through October 1, 2013, of interest to be due on the Refunded Bonds together with the principal at maturity or mandatory redemption of such Refunded Bonds as mature through _____; and

(b) Making money available for retirement by optional redemption on _____, of all the Refunded Bonds which shall be outstanding as of that

SCHEDULE "G-2"

date, and mature on or after October 1, 2015, at the principal amount thereof, together with accrued interest not previously paid as per (a) above, if any;

(c) Making money available for payment by the City of the costs and expenses of the intended defeasance and redemption of the Refunded Bonds, as appropriate;

(d) Making payment by the City of all costs and expenses of and related to the issuance of the Bonds to bring about the above; and

WHEREAS, the Escrow Agent concurrently with the effectiveness hereof, has received from the City amounts of money which, taken together with other funds available, are sufficient to meet all obligations of the City with respect to the Refunded Bonds being refunded when properly invested; and

WHEREAS, the City and the Escrow Agent desire and agree that monies held by the Escrow Agent, pending application of such monies by the Bank as 2003 Paying Agent for payment of obligations on the Refunded Bonds being refunded, shall be invested or deposited by the Bank, upon terms and conditions herein set forth; and

WHEREAS, the City did covenant in the Ordinance that the Bank will utilize said funds so designated and deposited, which funds are represented as being adequate by the City, to redeem the Refunded Bonds by means of a gross funding; and

WHEREAS, the Ordinance provides for the deposit of such Refunding Investment Revenues into a separate sinking fund (the "Escrow Fund") hereunder, and payment by the Escrow Agent under this Agreement from such Escrow Fund to the holders of the appropriate series of Refunded Bonds of interest as due and principal at maturity or upon redemption from the monies so deposited.

SCHEDULE"G-3"

NOW THEREFORE, the City and the Bank, intending to be legally bound

hereby, do hereby covenant and agree as follows:

1. The Bank acknowledges that, concurrently with the effectiveness hereof, there has been irrevocably deposited with the Bank, by transfer from the Settlement Funds of the Bonds, or by application of other funds already in the hands of the Bank as 2003 Paying Agent for the Refunded Bonds, or other monies made available by the City, the following sums:

(a) By transfer from the Settlement Fund of the Bonds

General Obligation Bonds,
Series of 2012

\$ _____ for General
Obligation Bonds, Series of 2003

TOTAL

(b) Funds in the hands of the Bank as 2003 Paying Agent for the Refunded Bonds and hereby made available hereunder

(d) The total of such funds hereby deposited with or declared to be available to the Escrow Agent for purposes of this Escrow Agreement is \$ _____

An Escrow Fund, which shall be a sinking fund under the Act, for the Refunded Bonds is hereby created, into which all monies held hereunder shall be deposited and held in the respective required amounts. These monies in the hands of the Escrow Agent shall be held in trust and invested as hereinafter provided for the sole benefit of the holders of the Refunded Bonds, the principal and interest to be available for the payment of all interest to and principal at maturity or redemption on the Refunded Bonds being refunded.

SCHEDULE "G-4"

2. The City shall pay, as compensation to the Bank for its present and future services as Escrow Agent under this Agreement, and as 2003 Paying Agent for the Refunded Bonds, a certain sum which is acknowledged by the Bank to be full and adequate payment to discharge any and all obligations of the City to the Bank for its services as Escrow Agent, payable from settlement on the Bonds plus expenses incurred by said 2003 Paying Agent-Escrow Agent in the performance of its duties. The Escrow Agent shall have no lien upon or claim against any monies or securities in the Escrow Fund for payment of such compensation or expense.

3. The parties have caused to be calculated the interest and principal at maturity or redemption on the Refunded Bonds maturing on or after October 15, 2015, which calculations the City has confirmed and acknowledges as accurate, a copy of which calculation is attached hereto, made a part hereof, and marked for purposes of identification as Exhibit "A".

4. The Escrow Agent does hereby covenant and agree to make payments from the proceeds deposited with it hereunder as per paragraph 1 hereof, specifically holding the proceeds in cash which shall be continuously insured by the Federal Deposit Insurance Corporation. Any other funds or investments which the Escrow Agent at any time holds hereunder, shall be obligations of the United States, or shall be continuously insured by the Federal Deposit Insurance Corporation, or other Federal agency, for the benefit of the City and the holders of outstanding bonds.

5. The City represents and warrants that the funds deposited with the Bank ("Funds") have been designed and tailored so that the Funds will be adequate in amounts and payable at appropriate times to enable the Escrow Agent to pay therefrom

SCHEDULE "G-5"

all interest as due and principal, as due and payable, on the Refunded Bonds to the dates of maturity or the date fixed for redemption, as appropriate.

6. The City covenants and agrees that, in the event money available to the Escrow Agent at any time, for any reason, shall not be sufficient for such required purposes, the City, immediately upon written notice from the Escrow Agent of such deficiency, will deliver to the Escrow Agent such money as shall be necessary to satisfy such deficiency, so that obligations of the City for payment of principal and interest to holders and/or registered owners of the Refunded Bonds will be fulfilled.

7. The City authorizes and directs the Escrow Agent on behalf of the City, to do all acts and things that shall be necessary or desirable, from time to time, to effectuate the withdrawal and/or collection of the principal of and interest on the investments if any, as such shall become due and payable; and, in connection therewith, the City covenants and agrees to execute and to deliver any additional documents and/or to perform any other acts that may be required from time to time. i

8. The Escrow Agent shall deposit the Funds as available in the Escrow I " Fund for the Refunded Bonds, and apply the same therefrom to the payment of interest as payable and principal at maturity or redemption and acknowledges that such Funds, together with any other monies deposited hereunder, will be adequate as to amount and appropriate as to maturity to meet all of such requirements of payment of the Refunded Bonds as and when due.

9. The Bank covenants, as 2003 Paying Agent for the Refunded Bonds, that it will give notice by mail at the appropriate time, but not less than 30 days nor more than 45 days before October 1, 2013, and to give such other notice as it deems

SCHEDULE "G-6"

appropriate, of the "NOTICE OF REDEMPTION" in substantially the form provided for as evidenced by the Ordinance, as delivered to the Bank, unless such notice should be waived by the holders of the Refunded Bonds being redeemed at that time, to the insurer of the Refunded Bonds, the parties specified in the Continuing Disclosure Certificate, and to any other entities it deems appropriate.

10. The Escrow Agent covenants that it will, after the principal of and interest on the Refunded Bonds shall have been paid or provisions for such payment duly shall have been made, transfer, without further direction from the City, the balance in the said Escrow Fund, if any, to the City, after October 1, 2013.

11. This Agreement shall not be interpreted so as to prevent the Bank from, in good faith, buying, selling, owning, holding or dealing in any of the Refunded Bonds, the Bonds or any other series of bonds of the City, or from joining in any action in which any bondholder may be a party with the same effect as if the Bank were not a party to this Escrow Agreement, or from engaging in or being interested in any financial or other transactions with the City.

12. The Escrow Agent shall be responsible for the safekeeping of the Funds and any investments, all monies and any other securities or obligations in which any funds deposited hereunder are from time to time invested, and determining and supervising the continued collateralization thereof as required, and the collection of and application of interest and principal at maturity of any such investments or securities or other obligations, and the performance of its undertakings for loss with respect to investments which are authorized investments hereunder, but the Escrow Agent shall

SCHEDULE "G-7"

not be responsible for the payment of any interest or principal on the Refunded Bonds beyond the proceeds of the Investments and other funds held hereunder, if any.

13. The City hereby agrees to indemnify the Escrow Agent, its officers, employees and agents, and to hold it and them harmless from and against any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, which it or they may incur or with which it or they may be threatened by reason of its acting under this Agreement, except in the case of the Escrow Agent's own willful misconduct or negligence; and in connection therewith to indemnify the Escrow Agent, its officers, employees and agents against any and all expenses, including reasonable attorney's fees and the cost of defending any action, suit or proceeding or resisting any claims. This indemnification shall survive the termination or release of this Agreement.

14. The records of the Bank relating hereto shall be available to and shall be open to inspection by the City and its duly authorized agents and representatives at reasonable times upon reasonable request.

15. At the request of the City and upon compliance with the other terms of this Agreement, the Escrow Agent may dispose of any investments provided to be held by it. Provided, however, that there must be substituted for such investments, other investments which shall also be direct non-callable obligations of the United States Government or securities permitted under Section 16 hereof. Further, any disposition of the investments and substitution therefore must be effected in a simultaneous transaction, and only if the Escrow Agent has first received:

(a) A certificate of an independent certified public accountant to the effect that the income and principal of the substitute investments and cash, if any, and

SCHEDULE "G-8"

remaining investments held by the Escrow Agent under this Escrow Agreement will provide the Escrow Agent with funds at the times and in the amounts sufficient to pay principal, interest and redemption price of the Refunded Bonds as and when due; and

(b) An unqualified opinion of nationally recognized bond counsel to the effect that, such proposed disposition and substitution will not adversely affect the exclusion from gross income of interest in the Bonds or the Refunded Bonds under the Internal Revenue Code of 1986, as amended, and the Regulations thereunder.

16. Escrow Fund Investments must be limited to:

- (a) Cash
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series --!SLGS").
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, "CATS" and "TIGRS" and similar securities.
- (d) Resolution Funding Corp. (REFCORP) -Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (e) Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S & P. If however, the issue is only rated by S & P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - (1) U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership
 - (2) Farmers Home Administration (FHA): Certificates of beneficial ownership

SCHEDULE "G-9"

- (3) Federal Financing Bank
- (4) General Services Administration: Participation certificates
- (5) U.S. Maritime Administration: Guaranteed Title XI Financing
- (6) U.S. Department of Housing and Urban Development (HUD): Project Notes Local Authority Bonds New Community Debentures -U.S. government guaranteed debentures U.S. Public Housing Notes and Bonds -U.S. Government guaranteed public housing notes and bonds
- (g) First American Funds -U.S. Treasury Money Market Fund

17. This Agreement shall be, and at all times shall be construed to be, irrevocable.

18. The rights, duties, responsibilities and obligations, as well as the benefit of this Escrow Agreement, shall inure to the benefit of the Bank, in its respective capacities, and its successors by purchase, merger or consolidation, and the City and its successor entities, if any, and any such successor shall be a party to this Escrow Agreement without the execution or filing of any additional document whatever by any party.

19. This Agreement shall terminate when the Escrow Agent has disbursed all funds held by it hereunder in accordance with the terms hereof.

20. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania.

21. This Agreement may be executed in multiple counterparts and need not bear the execution of both parties on any single counterpart so long as both parties execute duplicate copies of this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereinafter caused this Escrow Agreement to be executed by their duly authorized officers the date and year first appearing above.

ATTEST:

CITY OF ALLENTOWN

City Clerk

Mayor

(SEAL)

BY: _____
Authorized Representative

EXHIBIT "A"

**CITY OF ALLENTOWN
AMOUNT REQUIRED TO CALL GENERAL OBLIGATION BONDS,
SERIES OF 2003**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
10/1/2015	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____

SCHEDULE "G-12"

	Yea	Nay
Julio A. Guridy, Pres.	X	
Frank Concannon		
Jeanette Eichenwald	X	
Ray O'Connell, VP	X	
Cynthia Y. Mota	X	
Mike Schlossberg	X	
Peter G. Schweyer	X	
TOTAL	6	0

I hereby certify that the foregoing Ordinance was passed by City Council on February 15th and signed by the Mayor on February 24, 2012.



CITY CLERK