

CITY OF LEBANON  
LEBANON COUNTY, PENNSYLVANIA

BILL NO. \_\_\_\_

**AN ORDINANCE**

OF THE COUNCIL OF THE CITY OF LEBANON, LEBANON COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF TWO MILLION THREE HUNDRED THIRTY THOUSAND DOLLARS (\$2,330,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PAC.S., CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH BONDS SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS BE INCURRED TO PROVIDE FUNDS FOR A PROJECT OF THE CITY WHICH INCLUDES, AMONG OTHER THINGS: (1) THE DESIGN, ACQUISITION, CONSTRUCTION, INSTALLATION, FURNISHING AND EQUIPPING OF (A) ALTERATIONS, RENOVATIONS, ADDITIONS AND IMPROVEMENTS TO AN EXISTING BUILDING FOR USE AS A NEW CITY HALL AND (B) VARIOUS CAPITAL IMPROVEMENTS TO OTHER CITY PROPERTIES AND SYSTEMS; AND (2) THE PAYMENT OF THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS; SETTING FORTH THE REASONABLE ESTIMATED USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE FINANCED BY THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH BONDS AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BONDS, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BONDS TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH BONDS, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BONDS WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR

ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BONDS, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE BONDS UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE CITY FROM TAKING ACTIONS WHICH WOULD CAUSE THE BONDS TO BECOME “ARBITRAGE BONDS” OR “PRIVATE ACTIVITY BONDS,” AS THOSE TERMS ARE USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; DESIGNATING THE BONDS AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” UNDER SECTION 265(b) OF THE CODE; AUTHORIZING THE PURCHASE OF BOND INSURANCE (IF APPLICABLE); SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE BOND INSURER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

**WHEREAS**, the City of Lebanon, Lebanon County, Pennsylvania (the “City”), is a City organized under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”); and

**WHEREAS**, the City, in contemplation of the issuance and sale of its General Obligation Bonds in one or more series in an aggregate principal amount of Two Million Three Hundred Thirty Thousand Dollars (\$2,330,000), to provide funds for and towards certain capital projects of the City, has determined that the Bonds (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the “Act”) and has determined that a private sale by negotiation is in the best financial interests of the City; and

**WHEREAS**, the Council of the City (the “Council”) has determined that such Bonds will be issued in one or more series and designated generally as “City of Lebanon, Lebanon County, Pennsylvania, General Obligation Bonds, Series of 2021” (the “Bonds”) or such other name and with such designations, including the appropriate designation of the series or subseries and the year such Bonds are issued, as shall be selected by the Mayor upon delivery of the Bonds in accordance with Section 7 hereof; and

**WHEREAS**, the Bonds shall be issued in the aggregate principal amount of Two Million Three Hundred Thirty Thousand Dollars (\$2,330,000); and

**WHEREAS**, the Council has determined to accept the proposal of RBC Capital Markets, LLC, Lancaster, Pennsylvania (the “Purchaser”), for the purchase of the Bonds, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the “Department”) relating to the incurring of the indebtedness to be evidenced by the Bonds; and

**WHEREAS**, design, acquisition and installation of the new money costs of the Project may commence prior to the issuance of the Bonds and the City desires to pay for certain of the costs of the Project (the “Expenditures”) from general funds of the City which do not constitute proceeds of tax-exempt bonds or notes; and

**WHEREAS**, the City has determined that the funds that have been or are to be advanced to pay Expenditures are or will be available only for a temporary period and it is necessary to reimburse the City for Expenditures with respect to the Project from the proceeds of a tax-exempt borrowing represented by the Bonds; and

**WHEREAS**, as of the date hereof, there are no funds from sources other than the Bonds that are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the City or any member of the same controlled group as the City to pay the Expenditures; and

**WHEREAS**, the City, in compliance with Section 1.150-2 of the United States Treasury Regulations, reasonably expects to reimburse the Expenditures made by it for the Project with proceeds of the Bonds; and

**WHEREAS**, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount of Two Million Three Hundred Thirty Thousand Dollars (\$2,330,000) to fund the projects described below of the City pursuant to the provisions of the Act.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED**, by the Council of the City of Lebanon, Lebanon County, Pennsylvania, in lawful session duly assembled, as follows:

**Section 1. Incurrence of Indebtedness.**

(a) Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of the Bonds in one or more series in the aggregate principal amount of Two Million Three Hundred Thirty Thousand Dollars (\$2,330,000) to be designated generally as “City of Lebanon, Lebanon County, Pennsylvania, General Obligation Bonds, Series of 2021” or such other name or such other designations, including the appropriate designation of the year and series such Bonds are issued, as shall be selected by the Mayor upon delivery of the Bonds in accordance with the requirements of Section 7 hereof. The Bonds shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In

connection therewith, the Council hereby finds and determines that a private sale by negotiation is in the best financial interests of the City.

(b) The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Bonds, shall be nonelectoral debt of the City.

Section 2. The Project.

A brief description of the project (the “Project”) to be funded with, among other things, the proceeds of the Bonds is as follows: (1) the design, acquisition, construction, installation, furnishing and equipping of (a) alterations, renovations, additions and improvements to an existing building for use as a new City Hall and (b) various capital improvements to other City properties and systems; and (2) the payment of the costs and expenses of issuance of the Bonds.

The realistic estimated useful lives of the capital projects to be financed by the Bonds are at least 35 years. It is hereby certified that an aggregate principal amount of the Bonds at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project.

Stated installments or maturities of principal of the Bonds will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project or two years from the date of issuance of the Bonds.

The City hereby finds and certifies that realistic cost estimates have been obtained for the capital costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

Section 3. Private Sale by Negotiation.

The private sale by negotiation of the Bonds to finance the Project and the costs and expenses of the financing is hereby determined to be in the best financial interest of the City.

Section 4. Acceptance of Proposal.

Subject to the approval of the Department, as required by the provisions of the Act, the Council shall and does hereby accept the proposal of the Purchaser, for the purchase of the Bonds in accordance with the terms and conditions of this Ordinance and the Purchaser’s proposal, dated September 27, 2021 (the “Proposal”). The sale of the Bonds shall be for an aggregate purchase price of \$2,292,331.25 (which represents the par amount of the Bonds, less a net original issue discount of \$19,028.75, and less an underwriting discount of \$18,640.00), plus accrued interest, if any, from the date of the Bonds to the date of delivery thereof. The Mayor is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of the City, and the City Clerk is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, as presented to the Council and accepted by this Ordinance, is incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by the City with respect to such bid security, except as provided by the Act.

Section 5. The Bonds.

(a) The Bonds, when issued, will be a general obligation of the City.

(b) The Bonds shall be fully registered, without coupons, in denominations of \$5,000 or any integral multiple thereof, in substantially the form hereinafter set forth in Section 7. The Bonds shall be dated as of October 27, 2021, and shall bear interest from that date at the applicable rates per annum as set forth herein, payable in accordance with the provisions of the Bonds and this Ordinance, semiannually on May 15 and November 15 in each year beginning May 15, 2022 (each an "Interest Payment Date") until maturity or prior redemption.

(c) The Bonds shall bear the rates of interest and shall mature on the dates and in the amounts as set forth on Exhibit A attached hereto and made a part hereof.

The Bonds maturing on or after November 15, 2027, shall be subject to redemption, prior to maturity, at the option of the City, in whole or in part, in any order of maturities, at any time on or after November 15, 2026, a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

Bonds stated to mature on November 15, 2035, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2032	\$70,000
2033	70,000
2034	70,000
2035*	75,000

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\* At maturity

Bonds stated to mature on November 15, 2040, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2036	\$75,000
2037	75,000
2038	80,000
2039	80,000
2040*	80,000

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\* At maturity

Bonds stated to mature on November 15, 2046, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2041	\$85,000
2042	85,000
2043	85,000
2044	90,000
2045	90,000
2046*	95,000

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\* At maturity

Bonds stated to mature on November 15, 2051, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2047	\$95,000
2048	95,000
2049	100,000

2050	100,000
2051*	105,000

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\* At maturity

In lieu of any mandatory redemption, the Paying Agent, on behalf of the City, may purchase, from money in the appropriate sinking fund, or the City may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If any maturity of the Bonds that is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the City shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption or in such order of maturity as shall be directed in writing by the City, in each case in multiples of \$5,000 principal amount.

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

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent 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 no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

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

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

Section 6. Appointment of Paying Agent, Registrar and Sinking Fund Depository.

The proper officers of the City are hereby authorized, empowered and directed to contract with Manufacturers and Traders Trust Company or such other bank or bank and trust company authorized to do business in the Commonwealth of Pennsylvania and who has an office in the Commonwealth of Pennsylvania (the "Paying Agent"), for its services as paying agent and sinking fund depository in accordance with the terms and conditions of the Proposal, this Ordinance and the Act. Payment of the principal of and interest on the Bonds shall be made, when due, in accordance with the provisions of the Bonds, at the corporate trust office of the Paying Agent in lawful money of the United States of America. The City may, by ordinance, from time to time, appoint a successor paying agent, registrar or sinking fund depository to fill a vacancy or for any other reason.

Section 7. Form of Bonds.

(a) The Bonds shall be in substantially the form set forth in Exhibit "B" with appropriate insertions, omissions and variations. The form of the Bonds as submitted to the City is hereby approved in substantially such form, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, the name or designation and the final redemption provisions, of the Bonds as specified to the City in the delivery instructions of the Purchaser and such other changes as the Mayor may approve upon advice of counsel to the City, such approval to be evidenced by such officer's execution and delivery of the Bonds.

(b) The Bonds shall be executed in the name and on behalf of the City by the true or facsimile signature of the Mayor and the true or facsimile official seal of the City shall be affixed thereunto, duly attested by the true or facsimile signature of the City Clerk. Said officers are authorized and directed to execute and attest the Bonds. The execution and delivery of the Bonds shall constitute conclusive proof of the approval of the final terms and provisions of the Bonds by the City.

No Bond constituting one of the Bonds shall be entitled to any benefit under this Ordinance nor shall it be valid, obligatory or enforceable for any purpose until such Bond shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Paying Agent; and the Paying Agent is authorized to register and authenticate the Bonds in accordance with the provisions hereof. To the extent that any one signature on a Bond (including the signature of the authorized representative of the Paying Agent) is manual, all other signatures may be by facsimile. The City Clerk is hereby authorized and directed to



deliver, or cause to be delivered, the Bonds to the Purchaser and receive payment therefor on behalf of the City after sale of the same in the manner required by law and this Ordinance.

The Bonds shall initially be issued in the form of one fully-registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). The Bonds issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Bonds shall be registered in the registration books kept by the Paying Agent in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the City or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Paying Agent, in connection with discontinuing the book-entry system as below or otherwise.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price, if any, of or interest on such Bonds shall be made to DTC or its nominee. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the City or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid.

The City and the Paying Agent shall treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of the Bonds, registering the transfer of the Bonds, obtaining any consent or other action to be taken by registered owners of the Bonds and for all other purposes whatsoever; and neither the City nor the Paying Agent shall be affected by any notice to the contrary. Neither the City nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Paying Agent as being a registered owner, with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (4) any notice which is permitted or required to be given to registered owners of the Bonds; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the registered owner of the Bonds.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of the Bonds under this Ordinance shall be given to DTC.

In connection with any notice or other communication to be provided to registered owners of the Bonds pursuant to this Ordinance by the City or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the City or the Paying Agent may establish a special record date for such consent or other action. The City or the Paying Agent shall give DTC notice of such special record date not less than 10 calendar days in advance of such special record date to the extent possible.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (1) after notice to the City and the Paying Agent, DTC determines to resign as securities depository for the Bonds; (2) after notice to DTC and the Paying Agent, the City determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the City or the beneficial owners of the Bonds. In any such event, 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 in writing by DTC, but without any liability on the part of the City or the Paying Agent for the accuracy of such designation. Whenever DTC requests the City and the Paying Agent to do so, the City and the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable written notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

#### Section 8. General Obligation Covenant.

The City covenants to and with the registered owners from time to time of the Bonds that the City (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the City in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Bonds for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Bonds and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of the City shall be enforceable specifically.

#### Section 9. Sinking Funds.

(a) The City hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, a sinking fund for the Bonds, to be known as “Sinking Fund – City of Lebanon, Lebanon County, Pennsylvania, General Obligation Bonds, Series of 2021” (the “Sinking Fund”) or such other name, series or designation as selected by the proper officers of the City from time to time which shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.

(b) The Paying Agent shall be the “sinking fund depository” with respect to the Sinking Fund created pursuant to Section 9(a). The City covenants and agrees to deposit in the Sinking Fund, on or before each Interest Payment Date, an amount which shall be sufficient

to permit the Paying Agent to pay on such Interest Payment Date all principal and accrued interest becoming due with respect to the Bonds. After such deposit, the Paying Agent shall, without further authorization or direction from the City or any of its officials, upon proper and timely presentation, execution and surrender of the Bonds, with respect to the payment of principal of the Bonds, or at the Interest Payment Date, with respect to the payment of interest on the Bonds, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

Section 10. Bond Payment Dates.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Record Date preceding the first Interest Payment Date, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds. Interest shall be paid semiannually on May 15 and November 15 of each year, beginning May 15, 2022, until the principal sum is paid.

If the use of the Book-Entry Only System is discontinued for any reason, bond certificates will be issued to the beneficial owners of the Bonds and interest on the Bonds will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a business day) next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds 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 any such default, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or the interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then the payment of such principal or interest need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

The City and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (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 (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bonds in the registration books of the City maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds of authorized denominations of the same series and maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The City and the Paying Agent may deem and treat the persons in whose names the Bonds shall be registered on the registration books of the City maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Bonds shall be overdue or not, and payment of the principal of and/or interest on the Bonds shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Bonds provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of the City upon the Bonds so paid, to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

The City shall cause to be kept, and the Paying Agent shall keep, at the principal corporate trust office of the Paying Agent, books for the registration, exchange and transfer of Bonds in the manner provided herein and therein so long as the Bonds shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to bondholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

#### Section 11. Investment Agreements.

If necessary, the City hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the Bonds in connection with the Projects. The City hereby authorizes and directs the Mayor to execute and the City Clerk to attest any investment agreement on behalf of the City, in the form approved by the Solicitor and Bond Counsel of the City. The Investments shall be limited to those authorized under law for proceeds of the Bonds.

Section 12. Debt Statement and Borrowing Base Certificate.

The Mayor and the City Clerk, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of the City: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Bonds, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Bonds or otherwise, all costs and expenses incurred by the City in connection with the issuance of the Bonds; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bonds, to the extent not inconsistent with this Ordinance or applicable law.

The Mayor and the City Clerk, and, if applicable, their duly qualified respective successors, are each authorized and directed, if necessary or desirable, to cause to be prepared and filed with the Department appropriate statements required by Section 8026 of the Act which are necessary to qualify the nonelectoral or lease rental debt of the City, which is subject to exclusion of self-liquidating or subsidized debt, for exclusion from the appropriate debt limits of the City as self-liquidating or subsidized debt.

Section 13. Preliminary Official Statement and Official Statement.

The Council hereby approves the form of and the preparation, use and distribution of the Preliminary Official Statement by the Purchaser in connection with the marketing of the Bonds. The Mayor and the City Clerk, and, if applicable, their duly qualified respective successors, are hereby authorized to execute and approve a final Official Statement relating to the Bonds and any amendments or supplements to the same, provided that the final Official Statement and any amendment and/or supplement shall have been approved by counsel to the City. The Purchaser is hereby authorized to use the final Official Statement (and any amendment or supplement thereto) in connection with the sale of the Bonds.

Section 14. Compliance with Debt Act.

It is hereby declared that the debt to be evidenced by the Bonds, together with all other indebtedness of the City, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the City.

Section 15. Delivery of the Bonds.

The proper officers of the City are hereby authorized and directed to deliver the Bonds to the Purchaser, upon due registration and authentication thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that

such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 16. Internal Revenue Code Covenants.

(a) The City covenants to and with the registered owners of the Bonds that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Bonds, would cause such Bonds to be “arbitrage bonds” or “private activity bonds” as those terms are defined in Section 148 and Section 141 of the Code and the applicable regulations thereunder. The City further covenants that it will comply with the requirements of such Section 148 and Section 141 and with the regulations thereunder throughout the term of this issue. In addition, the Mayor, being the official(s) responsible for issuing the Bonds, attested by the City Clerk, are hereby authorized and directed to execute and deliver, in the name and on behalf of the City, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds are not “arbitrage bonds” or “private activity bonds” within the meanings of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Bonds, which certificate shall set forth the reasonable expectations of the City as to the amount and use of the proceeds of the Bonds.

(b) In accordance with the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), the City hereby finds, determines and designates each of the Bonds as a “qualified tax-exempt obligation” as defined in Section 265(b)(3)(B) of the Code, for the purposes of such Section 265(b) of the Code. The City determines that it and all entities with which it is aggregated under Section 265(b)(3)(E) of the Code have not issued, and do not reasonably expect to issue, tax-exempt obligations which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year 2021. The City also determines that it will not engage in any action or inaction which will or may cause the Bonds to fail or cease to constitute “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

Section 17. Bond Insurance.

The Council hereby authorizes and directs the purchase of a municipal bond insurance policy (the “Municipal Bond Insurance Policy”), if cost effective, to be issued by a municipal bond insurer acceptable to the Purchaser and the Mayor insuring the payment when due of the principal of and interest on the Bonds as provided therein. Proper officers of the City are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, including the payment of the premium thereof. Proper officers of the City are also authorized and directed to execute any and all documents or agreements with respect to such insurance, as may be required by the insurer.

Section 18. Continuing Disclosure Obligations.

The Mayor and the City Clerk are hereby authorized to execute the Continuing Disclosure Certificate (hereinafter defined) on behalf of the City and the City hereby covenants

and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

As used herein, the term “Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate to be executed by the City in order to comply with Securities and Exchange Commission Rule 15c2-12, and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

As used herein, the term “Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries).

Section 19. Appointment of Bond Counsel.

The City hereby appoints and engages Stevens & Lee, P.C., to act as Bond Counsel to the City in connection with the issuance of the Bonds and to facilitate the intent of this Ordinance and the Mayor is hereby authorized and directed to execute an engagement letter with such counsel.

Section 20. Post-Issuance Compliance Policies.

In connection with the issuance of the Bonds, the Counsel to the City hereby adopts the Policies and Procedures attached hereto as Exhibit “C” relating to the maintenance of the tax exempt status of the Bonds and any other tax-exempt bonds or notes issued for its benefit and compliance with Securities and Exchange Commission Rule 15c2-12.

Section 21. Advertising.

The action of the officers of the City in advertising a summary of this Ordinance, as required by law, is ratified and confirmed. The officers of the City, or any of them, are authorized and directed to advertise a notice of enactment of this Ordinance in a newspaper of general circulation in the City within 15 days after final enactment. The City Clerk is hereby directed to make a copy of this Ordinance available for inspection by any citizen during normal office hours.

Section 22. Mandatory Provisions of Act.

This Ordinance is enacted pursuant to the Act, the City Code of 2014, as amended, and the laws and the Constitution of the Commonwealth of Pennsylvania, and the City hereby determines and declares that each and every matter and thing provided for herein is necessary and desirable to carry out and effect the public purposes of the City in accordance with

such laws. All of the mandatory provisions of the Act shall apply hereunder whether or not explicitly stated herein and are specifically incorporated herein by reference.

Section 23. Reimbursement. The City reasonably expects to reimburse itself for original Expenditures to be paid by the City from general funds of the City in connection with the Project with the proceeds of the Bonds. This Ordinance constitutes a declaration of official intent intended to comply with the requirements of Section 1.150-2(e) of the United States Treasury Regulations, as amended.

The maximum amount of debt expected to be issued to finance the Project is \$2,400,000. The Expenditures are or will be “capital expenditures” as defined in Treasury Regulation Section 1.150-2(d)(3).

No reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations Section 1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code. The proceeds of the Bonds used to reimburse the City for costs of the Project, or funds corresponding to such amounts, will not be used, within one year after the reimbursement allocation, in a manner that results in the creation of “replacement proceeds,” including “sinking funds,” “pledged funds,” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations Section 1.148-1) of the Bonds or another issue of debt obligations of the City, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations Section 1.148-1).

All reimbursement allocations will occur not later than eighteen (18) months after the later of: (i) the date the expenditure from a source other than the Bonds is paid, or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations Section 1.150-2) or abandoned, but in no event more than three (3) years after the expenditure is paid.

The enactment of this Ordinance is consistent with the budgetary and financial circumstances of the City.

Section 24. Contractual Obligation.

In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by those who shall purchase the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the benefit, protection and security of the Holders from time to time of the Bonds. If the City shall default in the performance of any of its obligations hereunder, under the Bonds or under the Act, the holders or registered owners of the Bonds shall be entitled to all of the rights and remedies provided by the Act in the event of such default.

Section 25. General Authorization.

The officers and officials of the City are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution, issuance, sale and delivery of the Bonds, all in accordance with this Ordinance.



Section 26. Invalidation.

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

Section 27. Repeal of Inconsistent Ordinances.

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

Section 28. Effectiveness of Ordinance.

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

DULY ENACTED AND ORDAINED THIS 27TH DAY OF SEPTEMBER, 2021, BY THE COUNCIL OF THE CITY OF LEBANON, LEBANON COUNTY, PENNSYLVANIA, IN LAWFUL REGULAR SESSION DULY ASSEMBLED.

CITY OF LEBANON  
Lebanon County, Pennsylvania

(SEAL)

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

Attest: \_\_\_\_\_  
City Clerk

EXAMINED AND APPROVED, THIS 27TH DAY OF SEPTEMBER, 2021.

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

Attest: \_\_\_\_\_  
City Clerk

**EXHIBIT “A”**

Debt Service Schedule

**BOND DEBT SERVICE****CITY OF LEBANON  
GO Bonds, Series of 2021**

Dated Date 10/27/2021  
 Delivery Date 10/27/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/15/2022			25,929.75	25,929.75	
11/15/2022	60,000	1.000%	23,572.50	83,572.50	109,502.25
05/15/2023			23,272.50	23,272.50	
11/15/2023	60,000	1.000%	23,272.50	83,272.50	106,545.00
05/15/2024			22,972.50	22,972.50	
11/15/2024	60,000	1.000%	22,972.50	82,972.50	105,945.00
05/15/2025			22,672.50	22,672.50	
11/15/2025	60,000	1.000%	22,672.50	82,672.50	105,345.00
05/15/2026			22,372.50	22,372.50	
11/15/2026	65,000	1.000%	22,372.50	87,372.50	109,745.00
05/15/2027			22,047.50	22,047.50	
11/15/2027	65,000	1.500%	22,047.50	87,047.50	109,095.00
05/15/2028			21,560.00	21,560.00	
11/15/2028	65,000	1.500%	21,560.00	86,560.00	108,120.00
05/15/2029			21,072.50	21,072.50	
11/15/2029	65,000	1.500%	21,072.50	86,072.50	107,145.00
05/15/2030			20,585.00	20,585.00	
11/15/2030	65,000	2.000%	20,585.00	85,585.00	106,170.00
05/15/2031			19,935.00	19,935.00	
11/15/2031	65,000	2.000%	19,935.00	84,935.00	104,870.00
05/15/2032			19,285.00	19,285.00	
11/15/2032	70,000	2.000%	19,285.00	89,285.00	108,570.00
05/15/2033			18,585.00	18,585.00	
11/15/2033	70,000	2.000%	18,585.00	88,585.00	107,170.00
05/15/2034			17,885.00	17,885.00	
11/15/2034	70,000	2.000%	17,885.00	87,885.00	105,770.00
05/15/2035			17,185.00	17,185.00	
11/15/2035	75,000	2.000%	17,185.00	92,185.00	109,370.00
05/15/2036			16,435.00	16,435.00	
11/15/2036	75,000	2.125%	16,435.00	91,435.00	107,870.00
05/15/2037			15,638.13	15,638.13	
11/15/2037	75,000	2.125%	15,638.13	90,638.13	106,276.26
05/15/2038			14,841.25	14,841.25	
11/15/2038	80,000	2.125%	14,841.25	94,841.25	109,682.50
05/15/2039			13,991.25	13,991.25	
11/15/2039	80,000	2.125%	13,991.25	93,991.25	107,982.50
05/15/2040			13,141.25	13,141.25	
11/15/2040	80,000	2.125%	13,141.25	93,141.25	106,282.50
05/15/2041			12,291.25	12,291.25	
11/15/2041	85,000	2.350%	12,291.25	97,291.25	109,582.50
05/15/2042			11,292.50	11,292.50	
11/15/2042	85,000	2.350%	11,292.50	96,292.50	107,585.00
05/15/2043			10,293.75	10,293.75	
11/15/2043	85,000	2.350%	10,293.75	95,293.75	105,587.50
05/15/2044			9,295.00	9,295.00	
11/15/2044	90,000	2.350%	9,295.00	99,295.00	108,590.00
05/15/2045			8,237.50	8,237.50	
11/15/2045	90,000	2.350%	8,237.50	98,237.50	106,475.00
05/15/2046			7,180.00	7,180.00	

**BOND DEBT SERVICE****CITY OF LEBANON  
GO Bonds, Series of 2021**

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
11/15/2046	95,000	2.350%	7,180.00	102,180.00	109,360.00
05/15/2047			6,063.75	6,063.75	
11/15/2047	95,000	2.450%	6,063.75	101,063.75	107,127.50
05/15/2048			4,900.00	4,900.00	
11/15/2048	95,000	2.450%	4,900.00	99,900.00	104,800.00
05/15/2049			3,736.25	3,736.25	
11/15/2049	100,000	2.450%	3,736.25	103,736.25	107,472.50
05/15/2050			2,511.25	2,511.25	
11/15/2050	100,000	2.450%	2,511.25	102,511.25	105,022.50
05/15/2051			1,286.25	1,286.25	
11/15/2051	105,000	2.450%	1,286.25	106,286.25	107,572.50
	2,330,000		890,631.01	3,220,631.01	3,220,631.01

**EXHIBIT "B"**

(Front of Bond)

REGISTERED

Number \_\_

REGISTERED

\*\*\*\$\_\_\_\_\_\*\*\*

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CITY OF LEBANON  
LEBANON COUNTY, PENNSYLVANIA

GENERAL OBLIGATION BOND, SERIES OF 2021

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE OF SERIES</u>	<u>CUSIP</u>
____%	November 15, ____	_October 27, 2021	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT \$\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS, that City of Lebanon, Lebanon County, Pennsylvania (the "City"), a City existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself to be indebted and promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon (or upon prior redemption, as hereinafter provided), upon presentation and surrender hereof, the Principal Amount shown above and to pay semiannually on May 15 and November 15 of each year prior to maturity or redemption (each an "Interest Payment Date"), beginning May 15, 2022, to the registered owner hereof, interest on such principal sum, at the rate per annum stated hereon, from the Interest Payment Date next preceding the date of registration and authentication of this City of Lebanon, Lebanon County, Pennsylvania, General Obligation Bond, Series of 2021 (the "Bond"), unless (a) 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 (b) this Bond is registered and authenticated after a

Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) this Bond is registered and authenticated on or prior to the Record Date preceding May 15, 2022, in which event such Bond shall bear interest from October 27, 2021, or (d) as shown by the records of Manufacturers and Traders Trust Company, as paying agent, at its offices located in Buffalo, New York, or its successor (the "Paying Agent"), interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any 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 owners of Bonds (hereinafter defined) not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Whenever the due date for payment of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal, or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banks are authorized by law or executive order to remain closed, with the same force and effect as if made on the due date for payment of principal, interest or redemption price and no interest shall accrue thereon for any period after such due date.

This Bond is one of a series of bonds of the City known generally as "City of Lebanon, Lebanon County, Pennsylvania, General Obligation Bonds, Series of 2021," dated as of October 27, 2021 (the "Bonds"), issued by the City in the aggregate principal amount of Two Million Three Hundred Thirty Thousand Dollars (\$2,330,000).

The Bonds are in fully registered form, without coupons, and have been authorized and issued in accordance with the Local Government Unit Debt Act of the Commonwealth (the "Act"), without the assent of the electors, pursuant to a ordinance (the "Ordinance") of the Council of the City duly enacted on September 27, 2021. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

The City has covenanted in the Ordinance that it shall include in its budget the amount of the debt service for each fiscal year of the City in which principal and/or interest on the Bonds is payable, that it shall appropriate from its general revenues any such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due principal and interest on the Bonds.

In the Ordinance, the City has covenanted to and with registered owners of the Bonds that it will make no use of the proceeds of the Bonds, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Bonds, would cause the Bonds to be “arbitrage bonds” or “private activity bonds” as those terms are defined in Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations thereunder.

This Bond has been designated, in the Ordinance, by the City, as a “qualified tax-exempt obligation,” within the meaning of Section 265(b)(3)(B) of the Code.

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

The Bonds maturing on or after November 15, 2027, shall be subject to redemption, prior to maturity, at the option of the City, in whole or in part, in any order of maturities, at any time on or after November 15, 2026, a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

Bonds stated to mature on November 15, 2035, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2032	\$70,000
2033	70,000
2034	70,000
2035*	75,000

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\* At maturity

Bonds stated to mature on November 15, 2040, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2036	\$75,000

2037	75,000
2038	80,000
2039	80,000
2040*	80,000

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\* At maturity

Bonds stated to mature on November 15, 2046, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2041	\$85,000
2042	85,000
2043	85,000
2044	90,000
2045	90,000
2046*	95,000

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\* At maturity

Bonds stated to mature on November 15, 2051, are subject to mandatory redemption prior to maturity on November 15 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
2047	\$95,000
2048	95,000
2049	100,000
2050	100,000
2051*	105,000

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\* At maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the City, may purchase, from money in the appropriate sinking fund, or the City may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.



If any maturity of the Bonds that is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the City shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption or in such order of maturity as shall be directed in writing by the City, in each case in multiples of \$5,000 principal amount.

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

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent 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 no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

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

This Bond may be transferred or exchanged by the registered owner hereof only upon surrender of this Bond to the Paying Agent at its principal corporate trust office, 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 maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of the same series and of authorized denominations of the same maturity and form for the aggregate amount which the transferee 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 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. All payments made to the registered owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the City upon the Bond as paid.

The City and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (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 (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The City has caused CUSIP numbers to be printed on the Bonds as a convenience to bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the City or of any successor body, as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the City to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the City is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the City has established with the Paying Agent, as Sinking Fund Depository, a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

#### STATEMENT OF INSURANCE

TO BE PROVIDED UPON SELECTION OF BOND INSURER

**IN WITNESS WHEREOF**, the City of Lebanon, Lebanon County, Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signature of the Mayor of the City and its corporate seal to be hereunder affixed, duly attested by the signature of the City Clerk, as of the 27th day of October, 2021.

(SEAL)

**CITY OF LEBANON  
Lebanon County, Pennsylvania**

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

Attest: \_\_\_\_\_  
City Clerk

**(FORM OF PAYING AGENT'S CERTIFICATE)**

**CERTIFICATE OF AUTHENTICATION**

It is certified that this Bond is one of the Bonds described in the within-mentioned Ordinance.

**MANUFACTURERS AND TRADERS TRUST  
COMPANY, as Paying Agent**

By: \_\_\_\_\_  
Authorized Officer

Date of Registration and Authentication:

\_\_\_\_\_

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_ (the "Transferror"), the undersigned, 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: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
**NOTICE:** Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program.

**NOTICE:** No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name as it appears 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 Number and date of The trust and the name of the Trustee should be supplied.

(END OF FORM OF BOND)

**EXHIBIT “C”**

**CITY OF LEBANON**

**POLICY AND PROCEDURES**

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Subject: Tax Exempt Bonds/Continuing Disclosure  
Compliance Program

Issued by: Finance Office

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**I. Standard:** The City of Lebanon, Lebanon County, Pennsylvania (the “City”) shall maintain the tax exempt status of tax-exempt bonds or notes issued for its benefit and insure compliance with 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”).

**II. Purpose:** To provide a written policy and process by which the City will (a) monitor and continually update its use of bond proceeds and bond financed facilities throughout the term of any Bonds issued for its benefit and (b) monitor and comply with its continuing disclosure obligations under Rule 15c2-12.

**III. Implementation:**

A. Responsible Persons

1. The responsible persons are:

- i. The Finance Director shall be responsible for the tracking of expenditures and receipts of bond proceeds and keeping the applicable records thereof;
- ii. The Finance Director shall be responsible for reviewing and monitoring the private use, if any, of the City’s tax exempt financed facilities and the review of any management or service provider contracts, leases or other contractual arrangements relating to the use of the bond financed facilities to determine compliance with the safe harbors established by Rev. Proc. 2017-13, as amended modified or superseded, and keeping all applicable records relating to such use and determinations;
- iii. The Finance Director shall be responsible for reviewing and monitoring the investment of any bond proceeds and determining whether investments were made in accordance with the applicable safe harbor for determining fair market value and maintaining all such records together with the records of receipts and expenditures of bond proceeds;

- iv. The Finance Director shall be responsible for monitoring the City's rebate obligations and, if applicable, engaging a rebate consultant and causing such consultant to undertake a rebate analysis and the preparation of a written report with respect to the City's rebate obligations. The Finance Director shall be responsible for ensuring that the City makes timely payment of all amounts owed to the U.S. Treasury, if any;
  - v. The Finance Director shall be responsible to file all annual and listed event notices in compliance with Rule 15c2-12; and
  - vi. The Finance Director shall be responsible to review the reports, at least annually with counsel, and confirm that the policies and procedures set forth herein are being followed.
2. The Finance Director may, in his or her discretion, appoint or retain other responsible persons to assist or advise the foregoing responsible persons in their tasks.

#### B. Tracking of Bond Proceeds

1. The Finance Director shall create and maintain spreadsheets for each bond issue which will track the date, amount, and purpose of each receipt of and expenditure of bond proceeds. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Finance Director shall review the applicable tax certificates (including the Nonarbitrage Certificate, the City's tax certificate and the Form 8038-G) for each issue and acquaint herself or himself with the City's expectations with respect to the bonds as expressed therein to ensure that the proceeds are expended consistently with such expectations. Any discrepancies will be brought to the attention of the Finance Director who shall communicate with counsel regarding such matters.

#### 3. Expenditure of Proceeds

- i. For expenditures from the applicable project fund, the Finance Director will review the applicable authorizing Ordinance to confirm that each expenditure is within the scope of the project described in the authorizing Ordinance. In addition, the useful life of each asset acquired and its placed in service date shall be recorded.
- ii. For any funds deposited in a sinking fund, and any earnings thereon, the Finance Director shall review and monitor all expenditures and receipts for such sinking fund and shall not less than annually confirm that such fund is not funded in excess of the amount necessary.

### C. Investment of Proceeds

1. The Finance Director shall review the applicable tax certificates for each issue and acquaint herself or himself with the City's expectations with respect to the bonds as expressed therein to ensure that the proceeds are invested consistently with such expectations. The Finance Director shall determine the yield applicable to the bonds as stated in the Form 8038-G filed with respect to each bond issue.
2. The Finance Director shall determine what proceeds are available for investment and whether they are subject to yield restriction. If such proceeds are not subject to yield restriction, the Finance Director shall cause such proceeds to be invested in such investments as shall be permitted under the applicable bond documents and the City's investments guidelines, if any, and the Finance Director may make such investments in consultation with the City's investment advisors, if any. If such proceeds are subject to yield restriction, the Finance Director shall cause such proceeds to be invested at or below the applicable yield restriction in such investments as shall be permitted under the applicable bond documents and the City's investments guidelines, if any, and the Finance Director may make such investments in consultation with the City's investment advisors, if any, or if such investments cannot be obtained at fair market value (because investment yields are then in excess of the applicable bond yield), the City shall invest such proceeds in tax exempt obligations that are not subject to the alternative minimum tax.
3. The Finance Director shall cause such investments to be acquired at fair market value under applicable safe harbors for the determination of fair market value and for adequate records to be maintained to support such fair market value determinations.

### D. Private Business Use

1. The Finance Director shall create and maintain spreadsheets for each bond financed facility which will track the amount of bond proceeds used to finance such facility and track the use of such facility by anyone other than the City. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Finance Director shall review the applicable tax certificates for each issue and acquaint herself or himself with the City's expectations with respect to the bonds as expressed therein to ensure that any use of the facility is consistent with such expectations.
3. Prior to the City's execution of any agreement for (i) the rental by the City of bond financed property, (ii) the management of, or the provision of services with respect to, any function at a bond financed facility, or (iii) any agreement that conveys rights to a third party that are different from the rights granted to

members of the general public, the Finance Director shall first determine whether such arrangement constitutes a private business use. If such use constitutes private business use, the Finance Director will determine how much private business use already exists and whether the proposed private business use will be within the permitted limitation. The Finance Director, in consultation with counsel, shall in his or her discretion approve or disapprove of the arrangement. The Finance Director shall only approve of such arrangement if the City is compliant with private business use limitations with respect to the applicable bonds after giving effect to the proposed arrangement or the Finance Director has determined that remedial actions can be taken, or another remedy exists, that will permit the applicable bonds to remain compliant with the private business use limitation.

E. Rebate

1. The City shall engage a rebate consultant and cause such consultant to undertake a rebate analysis and the preparation of a written report at least every 5 years that a bond issue is outstanding if no rebate exception has been determined for the applicable issue of bonds. Such rebate consultant shall determine whether any issue of bonds has qualified for an exception from rebate, and if not, whether any rebate liability is owed to the U.S. Treasury. If any liability is determined, the City shall cause such liability to be paid to the U.S. Treasury promptly and no later than 60 days after the applicable 5<sup>th</sup> year anniversary. Such payment to be accompanied by the appropriate and required forms to be filed with the Internal Revenue Service.

**IV. Continuing Disclosure**

- A. On an annual basis and not later than 270 days after the end of each fiscal year of the City, the Finance Director shall post, or cause a dissemination agent to post, on the Electronic Municipal Market Access system (EMMA) maintained by the Municipal Securities Rulemaking Board the City's Annual Report which shall be compliant with the applicable Continuing Disclosure Certificate.
- B. On an annual basis and not later than fifteen (15) days after final approval by Council, the Finance Director shall post, or cause a dissemination agent to post, on EMMA, a summary of the budget for the current fiscal year.
- C. Whenever the City obtains knowledge of the occurrence of a Listed Event, as defined in the applicable Continuing Disclosure Certificate, the City shall as soon as possible (with respect to those Listed Events where a determination of materiality by the City is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws. If (i) a determination of materiality by the City is not relevant to the obligation to give notice of a Listed Event or (ii) the City determines (with respect to those Listed Events where a determination of materiality by the City is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Finance Director shall promptly



post, or cause to be posted, in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, a notice of such occurrence on EMMA.

## **V. Documentation**

- A. At least annually, at a meeting of the Council, the Finance Director shall report to the Council regarding the City's compliance with the various limitations and restrictions applicable to tax exempt financing and shall certify in writing that such Finance Director has undertaken or reviewed the analysis undertaken by the Finance Director and counsel, and that the City is compliant with all requirements applicable to the City's tax exempt bonds.
- B. At least annually, at a meeting of the Council, the Finance Director shall report to the Council regarding the City's compliance with Rule 15c2-12 and shall certify in writing that such Finance Director has filed the Annual Report and the summary of the Budget in a timely manner and identify any Listed Events which were reported on EMMA.
- C. The Finance Director will have all records organized and kept in accordance with this Policy and procedures available to her or him at all times. The City shall keep all such records for a period not shorter than 6 calendar years after the year in which the applicable bond issue matures, or if such issue is refunded, 6 calendar years after the refunding bond issue matures.
- D. The Finance Director shall periodically consult counsel with respect to reviewing results and data generated from its information gathering and compliance monitoring procedures as a further check on the integrity of its post issuance compliance program outlined above.

## **VI. Corrective Actions**

- A. The goal of this tracking and monitoring is to ensure that all tax exempt bonds remain qualified in compliance with the applicable tax requirements. Such monitoring also ensures that any actual or potential violations of federal tax requirements can be timely identified and, in consultation with counsel, corrected by the taking of remedial action or engaging the Internal Revenue Service ("IRS") under the voluntary closing agreement program.

## **VII. Training**

- A. The Finance Director shall at least annually review the IRS website for materials and teleconferences or webinars relating to tax exempt bonds and compliance by issuers. The Finance Director shall determine whom, if anyone, should review such materials and attend such teleconferences or webinars.
- B. The Finance Director shall at least annually review the SEC website for materials and updates on the continuing disclosure obligations to maintain compliance with Rule 15c2-12.

## **VIII. Funding**

- A. The Council shall annually budget the sum of \$3,000 or such other sum as may be necessary in order to accomplish the purposes of these policies and procedures.