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**ORDINANCE OF THE COUNCIL OF THE
BOROUGH OF ST. CLAIR
SCHUYLKILL COUNTY, PENNSYLVANIA**

AN ORDINANCE OF THE COUNCIL OF THE BOROUGH OF ST. CLAIR, SCHUYLKILL COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE ITS GENERAL OBLIGATION NOTE, SERIES A OF 2018, IN THE AGGREGATE PRINCIPAL AMOUNT OF FOUR HUNDRED SIXTY FIVE THOUSAND DOLLARS (\$465,000) (THE "SERIES A NOTE") AND ITS GENERAL OBLIGATION NOTE, SERIES B OF 2018, IN THE AGGREGATE PRINCIPAL AMOUNT OF ONE MILLION EIGHTY THREE THOUSAND DOLLARS (\$1,083,000) (THE "SERIES B NOTE") (THE SERIES A NOTE AND THE SERIES B NOTE, TOGETHER, THE "NOTES"), EACH PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA C.S. CHS 80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY INVITATION FOR SUCH NOTES IS IN THE BEST FINANCIAL INTERESTS OF THE BOROUGH; DETERMINING THAT SUCH NOTES SHALL EVIDENCE NONELECTORAL DEBT OF THIS BOROUGH; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED (A) TO PROVIDE FUNDS TO PAY THE COSTS AND EXPENSES OF CERTAIN CAPITAL PROJECTS OF THE BOROUGH, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION AND RENOVATION AT THE THIRD STREET PLAYGROUND AND THE STRUCTURES THEREON AND AT THE LAWTON STREET BRIDGE, AND UPGRADES TO ROUTE 61 TRAFFIC SIGNALS, AND (B) TO PAY THE COSTS AND EXPENSES OF ISSUING THE NOTES; SETTING FORTH REASONABLE ESTIMATES OF THE USEFUL LIVES OF THE CAPITAL PROJECTS TO BE FINANCED; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH NOTES AT PRIVATE SALE BY INVITATION; PROVIDING THAT SUCH NOTES, WHEN ISSUED, SHALL CONSTITUTE GENERAL OBLIGATIONS OF THE BOROUGH; FIXING THE DENOMINATION, DATED DATES, 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 NOTES; AUTHORIZING SPECIFIED OFFICERS OF THE BOROUGH TO CONTRACT WITH THE PAYING AGENT; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTES EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTES; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTES TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE BOROUGH IN SUPPORT THEREOF; CREATING TWO SEPARATE SINKING FUNDS IN CONNECTION WITH EACH SUCH NOTE, RESPECTIVELY, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY FOR EACH SUCH NOTE; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH NOTES WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH NOTES; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE BOROUGH TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTES, 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 NOTES, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE BOROUGH, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING APPROPRIATE OFFICERS OF THE BOROUGH TO DELIVER THE NOTES UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE BOROUGH FROM TAKING ACTIONS WHICH WOULD CAUSE EACH SUCH NOTE TO BECOME AN "ARBITRAGE BOND," AS THAT TERM IS USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; DESIGNATING EACH SUCH NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; 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 Borough of St. Clair, Schuylkill County, Pennsylvania (the "Borough"), is a Borough of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, this Borough, in contemplation of the issuance and sale of its General Obligation Note, Series A of 2018, in an aggregate principal amount of Four Hundred Sixty Five Thousand Dollars (\$465,000) (the "Series A Note") and its General Obligation Note, Series B of 2018, in the aggregate principal amount of One Million Eighty Three Thousand Dollars (\$1,083,000) (the "Series B Note") (the Series A Note and the Series B Note, together, the "Notes"), to provide funds for and towards certain capital projects of this Borough, has determined that the Notes shall be offered for sale at a private sale by invitation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act") and has determined that a private sale by invitation is in the best financial interests of this Borough; and

WHEREAS, the Council of the Borough (the "Council") has determined to accept the proposal of Peoples Security Bank & Trust, Scranton, Pennsylvania ("PST"), for the purchase of the Notes (PST sometimes referred hereafter as the "Purchaser"), 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 Notes; and

WHEREAS, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the amount of Four Hundred Sixty Five Thousand Dollars (\$465,000) and One Million Eighty Three Thousand Dollars (\$1,083,000) to fund certain capital projects (hereinafter described) of this Borough pursuant to the provisions of the Act.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the Borough of St. Clair, Schuylkill, Pennsylvania, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of the Notes in the aggregate principal amount of Four

Hundred Sixty Five Thousand Dollars (\$465,000) to be designated generally as Borough of St. Clair General Obligation Note, Series A of 2018, and in the aggregate principal amount of One Million Eighty Three Thousand Dollars (\$1,083,000) to be designated generally as Borough of St. Clair General Obligation Note, Series B of 2018. The Notes shall be issued and sold in accordance with the provisions of the Act by private sale by invitation. In connection therewith, the Council hereby finds and determines that a private sale by invitation is in the best financial interests of this Borough.

Section 2. The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Notes, shall be nonelectoral debt of this Borough.

Section 3. A brief description of the projects (the "Project") to be financed with, among other things, the proceeds of the Notes is as follows:

(a) to provide funds to pay the costs and expenses of certain projects of the Borough, including but not limited to, construction and renovation at the Third Street playground and the structures thereon and at the Lawton Street Bridge, and upgrades to Route 61 traffic signals, and (b) to pay the costs and expenses of issuing the Notes.

The realistic estimated useful lives of each of the capital projects financed with the proceeds of the Notes are at least ten (10) years. It is hereby certified that an aggregate principal amount of the Notes at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of each such project. The maturity of stated installments of principal of the Notes will not be deferred beyond one year from December 1, 2020, the estimated date of completion of construction of the Project.

Prior to the date hereof, the Borough has obtained realistic cost estimates for each of the capital projects constituting the Project from registered architects, professional engineers or other persons qualified by experience. Such cost estimates were used to determine the amount of the Notes to be issued.

Section 4. 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 PST for the purchase of the Notes in accordance with the terms and conditions of this Ordinance and PST's proposal, dated May 23, 2018 (the "Proposal"), attached hereto as Exhibit "A" and incorporated herein. The sale of the Notes shall be for an aggregate purchase price of \$465,000 and \$1,083,000, respectively, plus accrued interest, if any, from the date of the Notes to the date of delivery thereof. The President or Vice President of the Council is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of this Borough, and the Secretary of the Borough is hereby authorized and directed to attest to such acceptance and execution. Copies of the Proposals, as presented to this Council and accepted by this Ordinance, are 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 this Borough with respect to such bid security, except as provided by the Act.

The Notes, when issued, will constitute general obligation notes of the Borough.

Section 5. The Notes shall be fully registered, without coupons, in the denomination of \$465,000 and \$1,083,000, respectively, in substantially the form hereinafter set forth in Section 8. The Notes shall be dated as of their dates of issue, and shall bear interest from that date at the applicable rates per annum as set forth in the Proposal.

Section 6.

(a) Commencing on December 1, 2018, and on the first day of each December and June thereafter to and including December 1, 2023, the Series A Note shall bear interest and this Borough shall pay to PST semiannual payments of interest. Commencing on December 1, 2018, and on the first day of each December and June thereafter to and including December 1, 2023, the Series B Note shall bear interest and the Borough shall pay to PST semiannual payments of interest. On December 1, 2019, and on each December 1 thereafter through and including December 1, 2023, the Borough shall pay PST annual installments of principal on the Series A Note in the amounts set forth at Exhibit "B" hereto. On December 1, 2021, December 1, 2022, and December 1, 2023, the Borough shall pay to PST annual installments of principal on the Series B Note in the amounts set forth at Exhibit "B" hereto. Accrued interest due on the Notes in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of the Notes, from time to time, for the period next preceding any installment payment. All interest due on the Notes shall be calculated on the outstanding principal balance thereof based upon twelve 30 day months and a 360 day year.

(b) On December 1, 2023, with respect to the Series A Note and the Series B Note, the remaining principal and interest due on the respective Notes shall be paid to the Purchaser thereof, if not prepaid earlier as provided in subsection (e) of this Section 6.

(c) The dates upon which this Borough is required to make payments of interest and principal on the Notes pursuant to subsections (a) and (b) of this Section 6 are hereinafter referred to as "Payment Dates." Whenever a Payment Date 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 close, then payment of such interest or principal 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 banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the Payment Date and no interest shall accrue thereon for any period after such Payment Date.

(d) A schedule of the maximum amounts of principal and interest on each of the Notes to be paid on the Payment Dates is set forth in Exhibit "B" which is attached hereto and incorporated by reference as though fully set forth herein.

(e) The principal of and interest due on the Notes may be prepaid at any time without notice by the Borough, as provided in the form of Notes set forth at Exhibit "C" and the Proposal.

Section 7. The appropriate officers of this Borough are hereby authorized, empowered and directed to contract with PST with respect to the Series A Note, and the Series B Note (PST, in its capacity as paying agent, is sometimes referred to hereinafter as 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 Notes shall be made, when due, on the Payment Dates in accordance with the provisions of the Notes, at the designated office of the Paying Agent in lawful money of the United States of America.

Section 8. The Notes shall be in substantially the form set forth in Exhibit "C," with appropriate insertions, omissions and variations.

Section 9. The Notes shall be executed in the name and on behalf of this Borough by the true or facsimile signature of the President or Vice President of the Council and the true or facsimile official seal of this Borough shall be affixed thereunto, duly attested by the true or facsimile signature of the Secretary or Assistant Secretary of the Borough. Said officers are authorized and directed to execute and attest the Notes.

Section 10. This Borough covenants to and with the registered owners from time to time of the Notes that this Borough (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of this Borough 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 Notes 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 Notes 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, this Borough shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of this Borough shall be enforceable specifically.

Section 11. This Borough hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, sinking funds for the Notes, to be known respectively as "Sinking Fund-General Obligation Note, Series A of 2018" (the "Series A Sinking Fund"), and "Sinking Fund-General Obligation Note Series B of 2018" (the "Series B Sinking Fund") (together, the Series A Sinking Fund and the Series B Sinking Fund, sometimes collectively referred to hereinafter as the "Sinking Funds"), which sinking funds shall be established with the applicable Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.

Section 12. PST shall be the "sinking fund depository" with respect to the Series A Sinking Fund and the Series B Sinking Fund, each created pursuant to Section 11. This Borough covenants and agrees to deposit in the applicable Sinking Fund, on or before each Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Payment Date all principal and accrued interest becoming due with respect to the Notes. After such deposit, the Paying Agent shall, without further authorization or direction from the Borough or any of its officials, on the Payment Dates, with respect to the payment of principal and interest on the Notes, withdraw moneys from the Sinking Funds 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.

The Notes 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 such 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 either

of the Notes in the registration books of this Borough maintained by the Paying Agent with respect to each of the Notes and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Note of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

This Borough and the Paying Agent may deem and treat the persons in whose names the Notes shall be registered on the registration books of this Borough maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Notes shall be overdue or not, and payment of the principal of and/or interest on the Notes 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 Notes provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of this Borough upon the Notes so paid, to the extent of the sum or sums so paid, and neither this Borough nor the Paying Agent shall be affected by any notice to the contrary.

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

Section 13. The appropriate officials of the Borough, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of the Borough: (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 Notes, including the debt statement and borrowing base certificate; (c) to prepare and file, or cause to be filed, all documents, certificates, and instruments necessary to cause all or a portion of the debt evidenced by the Notes to be excluded as self-liquidating; (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; (e) to pay or cause to be paid from proceeds of the Notes or otherwise, all costs and expenses incurred by the Borough in connection with the issuance of the Notes; (f) to advertise the adoption of this Ordinance, as required by the Act; and (g) 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 Proposals of the Purchasers, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Notes, to the extent not inconsistent with this Ordinance or applicable law.

Section 14. It is hereby declared that the debt to be evidenced by the Notes, together with all other indebtedness of this Borough, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by this Borough.

Section 15. The appropriate officers of this Borough are hereby authorized and directed to deliver the Series A Note and the Series B Note to PST upon due registration thereof as provided for herein, and 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. This Borough covenants to and with the registered owners of the Notes 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 Notes, would cause either or both of such Notes to be an "arbitrage bond" as that term is defined in Section 148 of the Code and the applicable regulations thereunder. This Borough further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this issue. In addition, the President or Vice President of the Council, being the official(s) responsible for issuing the Notes, attested by the Secretary or Assistant Secretary of the Borough, are hereby authorized and directed to execute and deliver, in the name and on behalf of the Borough, any and all documents or other instruments which Note Counsel may reasonably request in connection with the providing of its opinion that the Notes are not "arbitrage bonds" within the meaning of Section 148 and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Notes, which certificate shall set forth the reasonable expectations of the Borough as to the amount and use of the proceeds of the Notes.

Section 17. The Notes, when issued, will be general obligations of this Borough. In accordance with the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), this Borough hereby finds, determines and designates the Notes as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code, for the purposes of Section 265(b) of the Code.

Section 18. The Borough hereby ratifies and confirms its appointment of Georgeadis Setley, Wyomissing, Pennsylvania, as Bond Counsel, and Concord Public Financial Advisors, Inc., as Financial Advisor, in connection with the issuance of the Notes.

Section 19. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Borough that the remainder of this Ordinance shall remain in full force and effect.

Section 20. All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 21. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY RESOLVED, THIS 5th DAY OF JUNE 2018, BY THE COUNCIL OF THE BOROUGH OF ST. CLAIR, SCHUYLKILL COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

**BOROUGH OF ST. CLAIR
SCHUYLKILL COUNTY, PENNSYLVANIA**

BY: Will M. Sompner
PRESIDENT, COUNCIL OF THE BOROUGH

ATTEST: Rebecca D. Arney
SECRETARY OF THE BOROUGH

APPROVED: Richard E. Tomko
MAYOR

EXHIBIT "A"

PROPOSAL

BOROUGH OF ST. CLAIR
General Obligation Notes
Series A & B of 2018
REQUEST FOR PROPOSAL
AND
TERM SHEET
DATED: April 27, 2018

The Bank (the "Bank" or "Lender") hereby agrees to the purchase of the General Obligation Note, Series A of 2018 (the "Series A Note"), in the proposed principal amount of \$465,000 and the General Obligation Note, Series B of 2018 (the "Series B Note", together with the Series A Note, collectively, the "Notes") in the proposed principal amount of \$1,083,000, to be issued by the Borough of St. Clair, Schuylkill County, Pennsylvania (the "Borough"), subject to the following terms and conditions set forth in the term sheet (the "Term Sheet"). The final aggregate principal amount of any one maturity or an entire series itself shall not differ from the original principal amount of any one maturity or an entire series itself as presented on the appropriate Preliminary Note Amortization Schedules by more than \$100,000. The Bank agrees to be legally bound to such terms from the date of the Form of Proposals to the Closing Date of the Notes. In connection with the Bank's proposal, it represents that it is acquiring the Notes for its own account and not with the view or intention of making any public offering of the Notes. It acknowledges it will deliver a certificate substantially to that effect at closing of the Notes.

1. **Term:** The Series A Note shall have a stated maturity of approximately 5 years -- final principal payment to be due on December 1, 2023. The Series B Note shall have a stated maturity of approximately 5 years -- final principal payment to be due on December 1, 2023.
2. **Principal Payments:** The principal of the Notes shall be fully amortized over the term of the loans in an amount and in the manner as set forth on the attached "Preliminary Note Amortization Schedules."
3. **Interest Rate:** Interest on the Notes shall be calculated based upon a year of three hundred sixty (360) days comprised of twelve (12) thirty (30) day months, payable on June 1 and December 1, commencing December 1, 2018, at a rate set forth in the Form of Proposal.
4. **Advances:** The Notes shall be structured as drawdown loans with the ability for advances to be made to the Borough from time to time upon the Borough's request through December 1, 2020 for the purpose of paying project costs and capitalized interest on the Notes.
5. **Optional Prepayment:** The principal amount of and interest due on the Notes shall be subject to prepayment prior to maturity, at the option of the Borough, as a whole or, from time to time, in part, on any date, upon payment of the principal amount to be redeemed together with accrued interest thereon to the date fixed for prepayment and without any premium or penalty. Any partial prepayment of principal may be credited against such stated installments of principal on the Notes as the Borough may designate in writing to the Bank at the time of prepayment; otherwise a partial prepayment shall be applied against the principal installments last, by date, due and payable.
6. **Security:** The Notes will be issued by the Borough pursuant to and secured by an ordinance duly enacted by the Borough (the "Ordinance"). The Notes shall be a general obligation of the

Borough, payable from the general taxes and other general revenues of the Borough. The Borough shall covenant in the Ordinance that it will include in its budget the amount of the debt service for each fiscal year of the Borough in which principal and/or interest on the Notes is payable, that it will appropriate from its revenues in each such year, the amount of the debt service on the Notes for such year and will duly pay or cause to be paid when due the principal of and interest due on the Notes. For such budgeting, appropriation and payment, the Borough shall irrevocably pledge its full faith, credit and taxing power.

7. Interest to be Tax-Exempt: The Borough will enter into such covenants as shall be necessary, in the opinion of Georgeadis Setley, Note Counsel, to assure compliance by the Borough with the Internal Revenue Code of 1986, as amended (the "Code"), and to qualify interest on the Notes, for exclusion from gross income for federal income tax purposes as set forth in the opinion of Bond Counsel hereinafter mentioned.

In the Ordinance, the Borough will designate the Notes as a "qualified tax-exempt obligation" under Section 265(b)(3)(B) of the Code.

8. Loan Documents: Loan documents, including the form of Notes embodying the terms hereof and of the accepted proposal, shall be prepared by Bond Counsel for the Borough, who shall provide the Lender and its Counsel with drafts thereof for review and comment at least one week prior to loan closing.

9. Closing Documents: As a condition of closing the Borough shall deliver to the Lender the following:

- A. An Opinion of Note Counsel or the Borough Solicitor as applicable, substantially to the effect that: 1) the Borough is duly authorized and empowered under the laws of the Commonwealth to issue the Notes evidencing the loans; 2) the Ordinance under which the Notes are issued and secured is a valid and enforceable instrument of the Borough; 3) the Notes are exempt from personal property taxes in the Commonwealth of Pennsylvania, and the interest on the Notes is exempt from the Commonwealth of Pennsylvania Personal Income Tax and the Commonwealth of Pennsylvania Corporate Net Income Tax; 4) interest on the Notes is not includible in gross income for Federal income tax purposes under Section 103(a) of the Code; and 5) the Notes are a valid and binding obligation of the Borough and is enforceable in accordance with terms thereof;
- B. Certificate of appropriate officers of the Borough and its Solicitor substantially to the effect that no litigation of any nature is pending or threatened: 1) seeking to restrain or enjoin or restraining or enjoining: (a) execution and delivery by the Borough of the documents evidencing and securing the Notes; or (b) execution, authentication, issuance, delivery or sale of the Notes; or 2) otherwise affecting the ability of the Borough to carry out the terms, provisions, covenants and agreements contained in the Ordinance; or 3) in any manner affecting or questioning proceedings and authority of the Borough for execution, authentication, issuance, delivery or sale of the Notes; or 4) affecting, directly or indirectly, or questioning: (a) validity of the Notes; or (b) creation, organization and existence of the Borough; or 5) affecting ability of the Borough to undertake and to complete the undertakings to be financed with proceeds of the Notes;

C. Such other documents, certificates and instruments as shall be required by Note Counsel, to evidence compliance with, or to comply with, the provisions of the Local Government Unit Debt Act and the Code and applicable regulations thereunder with respect to the exclusion of interest payable on the Notes from gross income for federal income tax purposes. In addition, any closing documents reasonably requested by the Lender and acceptable to Note Counsel and the Borough.

10. Closing: It is anticipated that closing for the Notes shall occur on or about June 28, 2018, but not later than July 31, 2018. Closing shall occur at a time and place mutually acceptable to the Borough and the Lender.

11. Fees and Expenses: The Borough shall pay all fees and expenses of its Solicitor, Note Counsel and Financial Advisor and shall pay for the preparation and printing of the loan documents and for the filing of any required financing statements. The Borough shall also pay the Lender's fees and expenses (including its counsel) subject to a maximum amount up to \$2,000 as specified on the form of proposal.

12. Continuing Reporting: The Borough shall remit, when available, annual audited financial statements to the Lender, and any other information that the Lender shall reasonably request.

13. Rejection of Proposals: The Borough expressly reserves the right to reject any and all proposals received in connection with this request for proposals and thereafter to negotiate with any proposer or other bank. The basis for acceptance of any proposal shall be that which is in the best interest of the Borough as determined solely by the Borough.

14. Amendment: The Borough reserves the right to amend or modify this Term Sheet in writing by notifying the proposers via e-mail, no later than one day prior to the proposal due date, addressed to each proposer which at the time has its name and e-mail address on file with the Financial Advisor.

15. Confidentiality and Nondisclosure Restrictions: Certain of the financial, demographic or statistical information sent to you, or to be sent to you, with respect to this Request for Proposal may be internal or draft information of, or about, the Borough that is not generally available to the public or to the investment community generally. Accordingly, by acceptance of this Request for Proposal, you are deemed to have agreed to use all financial, demographic or statistical information sent to you, or to be sent to you, solely for your internal evaluation of the creditworthiness and pricing of any Bank Loan Proposal you may submit. No information sent to you, or to be sent to you, with respect to this Request for Proposal may be disseminated to anyone outside of your Bank or to any persons within your Bank not involved in the evaluation of the creditworthiness and pricing of any Bank Loan Proposal you may choose to submit. If you do not, or cannot, agree to abide by this Restriction, you are required to return or destroy all information sent to you with respect to this Request for Proposal.

Preliminary Note Amortization Schedules

Date	Series A Note Principal Installment	Series B Note Principal Installment
5/15/2018		
12/1/2018		
6/1/2019		
12/1/2019	86,000	
6/1/2020		
12/1/2020	90,000	
6/1/2021		
12/1/2021	93,000	349,000
6/1/2022		
12/1/2022	96,000	361,000
6/1/2023		
12/1/2023	100,000	373,000
Totals	465,000	1,083,000

BOROUGH OF ST. CLAIR
General Obligation Notes
Series A & B of 2018
FORM OF PROPOSAL

The Bank (the "Bank" or "Lender") hereby agrees to the purchase of the General Obligation Note, Series A of 2018 (the "Series A Note"), in the proposed principal amount of \$465,000 and the General Obligation Note, Series B of 2018 (the "Series B Note", together with the Series A Note, collectively, the "Notes") in the proposed principal amount of \$1,083,000, to be issued by the Borough of St. Clair, Schuylkill County, Pennsylvania (the "Borough"), subject to the following terms and conditions set forth in the term sheet, dated April 27, 2018 (the "Term Sheet"). The final aggregate principal amount of any one maturity or an entire series itself shall not differ from the original principal amount of any one maturity or an entire series itself as presented on the appropriate Preliminary Note Amortization Schedules by more than \$100,000. The Bank agrees to be legally bound to such terms from the date of the Form of Proposal to the Closing Date of the Notes. In connection with the Bank's proposal, it represents that it is acquiring the Notes for its own account and not with the view or intention of making any public offering of the Notes. It acknowledges it will deliver a certificate substantially to that effect at closing of the Notes.

Interest Rate. The Borough shall only consider proposals which clearly express the rate of interest to be charged during the full term of the Notes. Therefore, a qualified proposer must respond to I or II below for each series of Notes, or multiple if the Bank wishes to provide an option.

I. Fixed Rate of Interest

A fixed rate of interest for the term of the Notes equal to 3.25 % per annum.

and/or

II. Variable Rate of Interest

The variable rate shall float at 65 % of the sum of 30 Day London Inter-Bank Offering Rate ("30 Day LIBOR") plus 185 Basis Points.

~~XX~~

~~The variable rate shall float from XXXXXX % of Prime Rate.~~

Maximum Cap Interest Rate: In no instance shall the interest rate ever exceed 3.75%.

Costs and Expenses

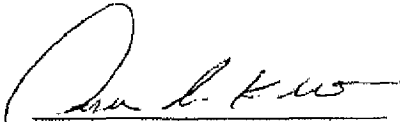
The Bank shall request the payment of its fees and expenses (including counsel), subject to a maximum of \$ 2000.00 (subject to a maximum of \$2,000 per the Term Sheet).

The Bank acknowledges that the Borough reserves the right to reject any and all proposals received in connection with this request for proposals.

P: 610-398-9680 x-72491
F: 610-398-9684
E: Jason.kline@PSBT.com

PEOPLES SECURITY BANK
Name of Bank

Phone and Fax Number
E-mail


Authorized Officer

5.23.18
Date

Approved and Accepted by:

Borough of St. Clair
Authorized Officer

Date

Option _____

EXHIBIT "B"

MAXIMUM DEBT SERVICE SCHEDULES



**Borough of St Clair
General Obligation Note
Series A of 2018**

Dated 6/28/2018

	1	2	3	4	5	6
	Principal Date	Installment	Rate	Interest	Debt Service	Annual Debt Service
6/28/2018						
12/1/2018			3.250	6,422.81	6,422.81	6,422.81
6/1/2019			3.250	7,556.25	7,556.25	
12/1/2019	87,000		3.250	7,556.25	94,556.25	102,112.50
6/1/2020			3.250	6,142.50	6,142.50	
12/1/2020	90,000		3.250	6,142.50	96,142.50	102,285.00
6/1/2021			3.250	4,680.00	4,680.00	
12/1/2021	93,000		3.250	4,680.00	97,680.00	102,360.00
6/1/2022			3.250	3,168.75	3,168.75	
12/1/2022	96,000		3.250	3,168.75	99,168.75	102,337.50
6/1/2023			3.250	1,608.75	1,608.75	
12/1/2023	99,000		3.250	1,608.75	100,608.75	102,217.50
6/1/2024			3.250	0.00	0.00	
12/1/2024			3.250	0.00	0.00	0.00
Totals	465,000			52,735.31	517,735.31	517,735.31



**Borough of St Clair
General Obligation Note
Series B of 2018**

Dated 6/28/2018

	9	10	11	12	13	14
	Date	Principal Installment	Rate	Interest	Debt Service	Annual Debt Service
6/28/2018						
12/1/2018			3.25	14,958.94	14,958.94	14,958.94
6/1/2019			3.25	17,598.75	17,598.75	
12/1/2019			3.25	17,598.75	17,598.75	35,197.50
6/1/2020			3.25	17,598.75	17,598.75	
12/1/2020			3.25	17,598.75	17,598.75	35,197.50
6/1/2021			3.25	17,598.75	17,598.75	
12/1/2021	349,000		3.25	17,598.75	366,598.75	384,197.50
6/1/2022			3.25	11,927.50	11,927.50	
12/1/2022	361,000		3.25	11,927.50	372,927.50	384,855.00
6/1/2023			3.25	6,061.25	6,061.25	
12/1/2023	373,000		3.25	6,061.25	379,061.25	385,122.50
6/1/2024			3.25	0.00	0.00	
12/1/2024			3.25	0.00	0.00	0.00
Totals	1,083,000			156,528.94	1,239,528.94	1,239,528.94

EXHIBIT "C"

FORM OF NOTES

Number 1

\$465,000.00

BOROUGH OF ST. CLAIR, SCHUYLKILL COUNTY, PENNSYLVANIA
General Obligation Note, Series A of 2018

KNOW ALL MEN BY THESE PRESENTS that the **BOROUGH OF ST. CLAIR, SCHUYLKILL COUNTY, PENNSYLVANIA** (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of Peoples Security Bank & Trust, _____, Scranton, Pennsylvania 18503 ("Purchaser"), or registered assigns, on the 1st day of December, 2023, unless this Note (hereinafter defined) shall be prepaid, upon surrender hereof, the principal sum of Four Hundred Sixty Five Thousand Dollars (\$465,000), or such lesser particular sum as shall represent the unpaid balance of such principal sum, and to pay interest on the principal sum hereof, which from time to time, shall be outstanding and shall remain unpaid, until the principal sum hereof fully shall have been paid, at the rate of three and twenty five hundredths percent (3.25%) per annum. Commencing on December 1, 2018, and on the first day of each June and December thereafter to and including December 1, 2023, the Borough shall pay to the Purchaser semi-annual payments of interest. On December 1, 2019, and on each December 1 thereafter through and including December 1, 2023, the Borough shall pay to the Purchaser annual payments of principal in the amounts set forth at Exhibit "A" hereto. On December 1, 2023, the Borough shall pay a final payment of remaining outstanding principal and accrued interest, together with all other charges due hereunder. Accrued interest due on this Note in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of this Note, from time to time, for the period next preceding any installment payment. All interest due on this Note shall be calculated on the basis of twelve 30 day months and a year of 360 days.

From the date hereof through December 1, 2020, the Borough may use the commitment described above by borrowing from time to time up to an amount not to exceed \$465,000. The Borough shall notify the Purchaser in writing of each proposed borrowing under this Note not later than 12:00 p.m., Scranton, Pennsylvania, time on the date of such proposed borrowing. The Borough authorizes and directs the Purchaser to disburse the proceeds of each such borrowing by direct deposit to a demand deposit account designated by the Borough. Any advances shall be conclusively presumed to have been made to and for the benefit and at the request of the Borough when made in accordance with the written instructions of the Borough.

Whenever the due date for payment of interest on or principal of this Note 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 close, 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 banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the due date for payment of principal and interest and no interest shall accrue thereon for any period after such due date.

This General Obligation Note, Series A of 2018 (the "Note"), is issued under and pursuant to provisions of the Ordinance enacted by the Borough on June 5, 2018 (the "Ordinance"). This Note is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act"), without the assent of electors, and pursuant to the Ordinance. This Note shall be issued in the maximum principal amount of \$465,000 and is subject to provisions and is entitled to the benefit of provisions of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

This Note may be prepaid, at any time without notice to the Purchaser, without penalty, by the Borough prior to maturity, at the option of the Borough, as a whole, upon payment of 100% of the outstanding principal balance thereof, together with accrued interest. The Borough may, at its option, from time to time, prepay any part of the outstanding principal balance of this Note by payment of the amount selected for such prepayment, together with accrued interest on the amount selected for such prepayment, to the prepayment date. Any partial prepayment of principal may be credited against such stated installments of principal on this Note as the Borough may designate in writing to the Purchaser at the time of prepayment; otherwise, any partial prepayment of principal shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

All payments of principal or interest due hereunder shall be payable to Peoples Security Bank & Trust, Scranton, Pennsylvania, as paying agent (the "Paying Agent"), at its office located at _____, Scranton, Pennsylvania 18503, or any successor Paying Agent as directed in writing by the Purchaser, in lawful money of the United States of America in immediately available funds which, at the time of payment, shall be legal tender for the payment of all debts, public and private.

The Borough has covenanted in the Ordinance, to and with the registered owners (s) hereof, that it (i) shall include the amount of debt service for this Note, for each fiscal year of the Borough in which such amounts are payable, in its budget for that fiscal year, (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and (iii) that it shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal amount of this Note and the interest due thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Borough has pledged, irrevocably, its full-faith, credit and taxing power. In the Ordinance, the Borough has covenanted to and with registered owners of this Note that it will make no use of the proceeds of this Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause this Note to be an "arbitrage bond" as such term is defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder. The Borough has further covenanted that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this Note.

The Note does not pledge the credit or taxing power of the Commonwealth; nor shall this Note be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal or interest of this Note.