

**SOUTHERN LEHIGH SCHOOL DISTRICT,
Lehigh County, Pennsylvania**

RESOLUTION

INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY A GENERAL OBLIGATION NOTE, SERIES A OF 2016, IN THE PRINCIPAL AMOUNT OF NINE MILLION EIGHT HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$9,885,000), TO REFUND A PORTION OF THE SCHOOL DISTRICT'S GENERAL OBLIGATION BONDS, SERIES OF 2011, AND PAY ISSUANCE COSTS; ACCEPTING A BANK LOAN PROPOSAL; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF THE NOTE; PLEDGING THE SCHOOL DISTRICT'S FULL FAITH, CREDIT AND TAXING POWER TO SECURE THE NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY; PROVIDING FOR RETIREMENT OF THE REFUNDED BONDS; AND AUTHORIZING RELATED ACTIONS AND DOCUMENTS.

WHEREAS, Southern Lehigh School District, in Lehigh County, Pennsylvania (the "School District"), is a public school district of the Commonwealth of Pennsylvania (the "Commonwealth") and is governed by its Board of School Directors (the "Board"); and

WHEREAS, the Board, by its resolution adopted on November 7, 2011 (the "2011 Bonds Enabling Resolution"), authorized and secured the issuance of the School District's General Obligation Bonds, Series of 2011, in the original aggregate principal amount of \$9,995,000, which were issued on December 13, 2011 (the "2011 Bonds"), to currently refund the School District's outstanding General Obligation Bonds, Series of 2007; and

WHEREAS, the Department of Community and Economic Development of the Commonwealth (the "Department") approved the proceedings of this School District related to the

issuance of the 2011 Bonds, as evidenced by Certificate of Approval No. GOB-18002, dated December 1, 2011; and

WHEREAS, the Board has determined to currently refund and retire a portion of the outstanding 2011 Bonds (the “Refunded 2011 Bonds”), and pay related expenses (the “Refunding Project”), in accordance with the refunding report for this School District prepared by Concord Public Financial Advisors, Inc., as the School District’s financial advisor; and

WHEREAS, the Board contemplates the sale and issuance of its General Obligation Note, Series A of 2016” (the “Note”), in the principal amount of Nine Million Eight Hundred Eighty-five Thousand Dollars (\$9,885,000), to undertake the Refunding Project (hereinafter defined), and that the Note should be offered in a private sale by negotiation at a price of not less than 100% of the principal amount advanced thereunder; and

WHEREAS, a written proposal to purchase the Note (the “Proposal”) was received from TD Bank, N.A. (the “Bank”), having an office in Philadelphia, Pennsylvania; and

WHEREAS, the Board desires to accept the Proposal, to award the Note to the Bank, and to incur nonelectoral debt represented by the Note pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the “Debt Act”), and to take appropriate action in connection with the Refunding Project, and in accordance with the Debt Act; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of this School District, as follows:

SECTION 1. The Board hereby authorizes and directs the issuance of the Note, in accordance with the Debt Act, to undertake the Refunding Project. The first installment of principal of the Note will not be in excess of two years from the issue date of the Note.

SECTION 2. The Board of this School District expresses its finding that it is in the best financial interests of this School District to sell the Note in a private sale by negotiation and determines that the debt, of which the Note shall be evidence, incurred pursuant to this Resolution shall be nonelectoral debt of this School District.

SECTION 3. The Refunding Project is authorized by Section 8241(b)(1) of the Debt Act (reduction in total debt service over the life of each series). The facilities being refinanced in connection with the Refunding Project have remaining useful lives of at least nine (9) years, which is not less than the maturity date of the Note.

SECTION 4. The Board of this School District hereby accepts the Proposal of the Bank to purchase the Note, including a purchase price of \$9,885,000 (or 100% of the principal amount advanced under the Note).

SECTION 5. The annual principal payment amounts and interest rates due on the Note are illustrated in the attached Exhibit "A." Interest on the Note shall be calculated on a daily basis on the unpaid principal balance of the Note, for the actual number of days that the principal balance shall be outstanding, using a factor that assumes a 360-day year comprised of twelve 30-day months.

SECTION 6. The Note shall be subject to prepayment, at the option of this School District, as a whole or in part, on any date, without premium or penalty.

SECTION 7. This Bank is appointed to serve as the paying agent for the Note. The principal of and interest on the Note is payable at any office of the Bank in lawful money of the United States of America.

SECTION 8. The Note shall be in the form, including denomination, principal payments, interest calculations and payments, substantially as set forth in the attached Exhibit "B."

SECTION 9. The Note shall be executed on behalf of this School District by the President or Vice President of the Board and the official seal of this School District shall be affixed thereto and the signature of the Secretary or Assistant Secretary of the Board of this School District shall be affixed thereto in attestation thereof.

SECTION 10. This School District covenants to and with the Bank and with any subsequent registered owners, from time to time, of the Note, outstanding, from time to time, pursuant to this Resolution, that this School District: (i) shall include the amount of the debt service for the Note, for each fiscal year of this School District in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund created pursuant to Section 11 hereof or any other of its revenues or funds the principal of the Note and the interest 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, this School District does hereby pledge, irrevocably, its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenant of this School District shall be enforceable specifically.

SECTION 11. There is created, pursuant to Section 8221 of the Debt Act, a sinking fund for the Note to be known as the “Sinking Fund - General Obligation Note, Series A of 2016” (the “Sinking Fund”), which shall be administered in accordance with the Debt Act. This School District covenants to make payments out of the Sinking Fund from any of its revenues or funds at such times and in such annual amounts as shall be sufficient for the full payment of all obligations under the Note when due.

The Bank is appointed as the sinking fund depository for the Sinking Fund, and the President or Vice President and the Secretary or Assistant Secretary, respectively, of the Board are authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the Sinking Fund, and as paying agent in connection with the Note.

SECTION 12. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the Board of this School District, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to certify and to file the debt statement required by Section 8110 of the Debt Act; (b) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by Section 8111 of the Debt Act; (c) to prepare and to file, if applicable, any statements required by Article II of the Debt Act that are necessary to qualify all or any portion of nonelectoral and/or lease rental debt of this School District, that is subject to exclusion as self-liquidating or subsidized debt, for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Debt Act in connection with the foregoing; and (e) to take other required, necessary or appropriate action.

The Board hereby directs that the School District’s borrowing base certificate be prepared for filing with the Department as required by Section 8110 of the Debt Act.

SECTION 13. The debt to be incurred hereby, together with any other indebtedness of this School District, is not in excess of the applicable debt limits imposed by the Debt Act.

SECTION 14. The Secretary or Assistant Secretary of the Board of this School District shall deliver the Note, after execution and attestation thereof, to the Bank, as provided in the Proposal, but only after the Department has certified its approval pursuant to Section 8204 of the Debt Act.

SECTION 15. This School District covenants to and with the Bank and any subsequent registered owners of the Note that it will make no use of the proceeds of the Note that

will cause the Note to be or become an “arbitrage bond” within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations implementing said Sections that duly have been published in the Federal Register, or any other regulations implementing said Sections, and this School District further covenants to comply with all other requirements of the Code, if and to the extent applicable, to maintain continuously the Federal income tax exemption of the interest on the Note.

The School District covenants with the Bank and any subsequent registered owners of the Note that it will not make, nor shall it permit, any use of the proceeds of the Note, or of any other obligations deemed to be part of the same issue as the Note under applicable federal tax regulations, or of the property or facilities financed or refinanced with proceeds of the Note, or of any other obligations deemed to be part of the same issue as the Note under applicable federal tax regulations, that will cause the Note to be or become a “private activity bond,” with the meaning of Section 141 of the Code.

The School District further covenants to comply with all other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on the Note and to take no action which would adversely affect the tax-exempt status of the interest paid or payable on the Note.

This School District determines that it has not issued, and does not reasonably expect to issue, tax-exempt obligations, together with all tax-exempt obligations issued and reasonably expected to be issued by “all subordinate entities” (within the meaning of Section 265(b)(3)(E) of the Code) of this School District, which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2016 calendar year and, accordingly, this School District hereby designates the Note as a “qualified tax-exempt obligation,” to the extent the Note is not “deemed designated,” all as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

SECTION 17. Officers of the School District are authorized and directed to authorize payment, upon issuance and delivery of the Note to the Bank, of all costs and expenses associated with issuance of the Note, including the fees and expenses of the School District’s financial advisor, solicitor and bond counsel, and all fees of the Bank and its counsel as set forth in the Proposal.

SECTION 18. This School District does hereby elect to redeem the Refunded 2011 Bonds on January 1, 2017 (the “Redemption Date”), *subject, however,* to consummation of the issuance of the Note on or prior to such date. Such redemption of the Refunded 2011 Bonds shall be accomplished in the manner, upon terms and conditions and with the effect provided in the 2011 Bonds and in the 2011 Bonds Enabling Resolution, and the Secretary or Assistant Secretary

of the Board is hereby authorized and directed to instruct the paying agent and the registrar for the Refunded 2011 Bonds, to issue a proper conditional notice of redemption to effect the redemption of the Refunded 2011 Bonds on such date.

Proper officers of this School District are hereby authorized to execute and deliver on behalf of the School District any and all such certificates, receipts, letters of instruction to redeem bonds, and other instruments and agreements as shall be necessary or appropriate to fulfill the terms and conditions of the accepted Proposal, to effect settlement for the Note and the redemption and retirement of the Refunded Bonds, and otherwise to implement the intent and purpose of this Resolution.

This School District, simultaneously with delivery of the Note, shall enter into a bond retirement agreement or escrow agreement (the "Bond Retirement Agreement") with U.S. Bank National Association (the "Escrow Agent"), the Escrow Agent, establishing an escrow account sufficient to pay the debt service due on the Refunded 2011 Bonds through the Redemption Date. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the Board are authorized and directed to execute, to attest, and to seal, as appropriate, and to deliver such Bond Retirement Agreement simultaneously with such delivery of the Note. The School District approves the Bond Retirement Agreement in form satisfactory to the Solicitor and Bond Counsel for this School District and as shall be approved by the officers of the Board executing the same. Such approval of such officers shall be conclusively presumed to have been given by their execution of the Bond Retirement Agreement.

The President, Vice President, Business Manager or agents of this School District are each hereby authorized and directed to execute and deliver agreements, orders or subscriptions for purchase of United States Treasury Certificates of Indebtedness, Notes or Bonds, State and Local Government Series ("SLGS"), other securities of the United States of America or other investments satisfying the requirements of Section 8250 of the Debt Act, as described in the Refunding Report, from proceeds of the Note and, if applicable, other funds to be deposited under the Bond Retirement Agreement, and to do, to take, and to authorize such other acts as shall be necessary to provide for the payment of principal and interest on the Refunded Bonds, as described in the Refunding Report and this Resolution.

Any orders or subscriptions for SLGs or other securities or investments satisfying the requirements of 53 Pa.C.S. §8250 made by or on behalf of this School District by the Financial Advisor prior to the adoption of this Resolution and for the purposes contemplated by the Refunding Report are hereby accepted, approved, ratified and confirmed.

SECTION 19. The Secretary of the Board of School Directors of the School District, or the Business Manager of this School District, is hereby authorized and directed to

execute and to submit to the Pennsylvania Department of Education, promptly following settlement for the Note, the appropriate application and other documents and information necessary to obtain state reimbursement with respect to the debt service on the Note (including the filing of the applicable PLANCON Parts).

SECTION 20. The President or Vice President and the Secretary or Assistant Secretary, respectively, of the Board of the School District are authorized and directed to perform such acts in connection with the adoption of this Resolution, including the filing of a certified copy of this Resolution and appropriate proofs of publication with the Department, and perform such acts as may be necessary to facilitate the marketing and settlement of the Note.

SECTION 21. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of this School District that such remainder shall be and shall remain in full force and effect.

SECTION 22. All resolutions or parts of resolutions, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

SECTION 23. This Resolution shall be effective in accordance with Section 8003 of the Debt Act.

DULY ADOPTED, by the Board of Southern Lehigh School District, Lehigh County, Pennsylvania, in lawful session duly assembled, this 12th day of September, 2016.

SOUTHERN LEHIGH SCHOOL DISTRICT,
Lehigh County, Pennsylvania

By: _____
(Vice) President of the Board
of School Directors

ATTEST:

(Assistant) Secretary of the Board
of School Directors

(SEAL)

EXHIBIT "A"

**SOUTHERN LEHIGH SCHOOL DISTRICT,
Lehigh County, Pennsylvania**

\$9,885,000 Principal Amount
General Obligation Note, Series A of 2016

<u>Principal Payment Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2017	\$	1.46%
July 1, 2018	\$	1.46%
July 1, 2019	\$	1.46%
July 1, 2020	\$	1.46%
July 1, 2021	\$	1.46%
July 1, 2022	\$	1.46%
July 1, 2023	\$	1.46%
July 1, 2024	\$	1.46%
July 1, 2025	\$	1.46%

EXHIBIT “B”

**SOUTHERN LEHIGH SCHOOL DISTRICT,
Lehigh County, Pennsylvania**

GENERAL OBLIGATION NOTE, SERIES A OF 2016

SOUTHERN LEHIGH SCHOOL DISTRICT, in Lehigh County, Pennsylvania (the “School District”), a public school district of the Commonwealth of Pennsylvania (the “Commonwealth”), promises to pay to the order of TD Bank, N.A. (the “Bank”), or registered assigns, on July 1, 2025, unless this General Obligation Note, Series A of 2016 (the “Note”) shall have been duly called for previous redemption and payment of the redemption price shall have been made or provided for, the principal sum of Nine Million Eight Hundred Eighty-five Thousand Dollars (\$9,885,000), or such lesser particular sum as shall represent the outstanding and unpaid balance of such principal amount. Interest shall accrue on the outstanding principal balance of this Note at the fixed rate of One and Forty-Six Hundredths percent (1.46%), per annum (computed on a 30 day month / 360 day year basis), and shall be payable semiannually on January 1 and July 1 of each year, beginning on January 1, 2017, either until maturity or until any earlier date upon which the redemption price hereof is paid in full. The principal balance of this Note shall be payable in annual installments each July 1, beginning on January 1, 2017, in the respective amounts set forth in the attached schedule.

The principal of and interest on this Note shall be payable at the principal office or at any branch office of the Bank, as sinking fund depository and paying agent, in lawful money of the United States of America.

This Note is subject to redemption prior to maturity, at the option of this School District, as a whole or in part, on any date, without premium or penalty.

This Note is issued in accordance with the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the “Debt Act”), and by virtue of a Resolution enacted on September 12, 2016 (the “Resolution”) by the Board of School Directors of the School District. The Debt Act, as such shall have been in effect when this Note was authorized, and the Resolution shall constitute a contract between the School District and the registered owner or registered owners, from time to time, of this Note.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note,

together with any other indebtedness of the School District, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of the debt of the School District, which debt is evidenced by this Note.

The School District has covenanted, in the Resolution, to and with registered owners, from time to time, of this Note, outstanding, from time to time, pursuant to the Resolution, that the School District: (i) shall include the amount of the debt service for this Note, for each fiscal year of the School District in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of this Note and the interest thereon at the dates and places and in the manner stated herein, according to the true intent and meaning hereof; and, for such budgeting, appropriation and payment, the School District has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Debt Act provides that the foregoing covenant of the School District shall be enforceable specifically.

The School District, in the Resolution, has established a sinking fund with the Bank, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for the payment thereof. The School District has covenanted, in the Resolution, to make payments out of such sinking fund or out of any other of its revenues or funds at such times and in such annual amounts as shall be sufficient for prompt and full payment of all obligations of this Note.

This Note is designated, to the extent it is not deemed designated, by the School District as a “qualified tax-exempt obligation,” as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes and effect contemplated by Section 265 of the Code (concerning expenses and interest relating to tax-exempt income of certain financial institutions).

This Note is transferable by the Bank, or by any subsequent registered owner in person or by his attorney duly authorized, in writing, at the principal office or at any branch office of the Bank, but only upon notation of such registration hereon and on the records of the School District to be kept for that purpose at the principal office or at any branch office of the Bank by a duly authorized representative of the Bank acting in behalf of the School District. The School District and the Bank may deem and treat the person, from time to time, in whose name this Note shall be registered as the absolute owner hereof for the purpose of receiving payment hereof and of interest due hereon and for all other purposes.

IN WITNESS WHEREOF, SOUTHERN LEHIGH SCHOOL DISTRICT, in Lehigh County, Pennsylvania, as provided by the Debt Act and in the Resolution, has caused this Note to be executed in its name and in its behalf by the President or Vice President of the Board of School Directors of the School District and the official seal of the School District to be affixed hereto and attested by the Secretary or Assistant Secretary of the Board of School Directors of the School District, all as of this ____ day of October, 2016.

SOUTHERN LEHIGH SCHOOL DISTRICT,
Lehigh County, Pennsylvania

By: _____
(Vice) President of the
Board of School Directors

ATTEST:

(Assistant) Secretary of the
Board of School Directors

(SEAL)

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF TD BANK, N.A., THE PAYING AGENT, OR OF ANY SUCCESSOR PAYING AGENT, ACTING AS REGISTRAR, IN BEHALF OF SOUTHERN LEHIGH SCHOOL DISTRICT, IN LEHIGH COUNTY, PENNSYLVANIA

Date of Registry	Registrar Name of Registered Owner	(Authorized Representative)
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October __, 2016	TD BANK, N.A.	
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Principal Repayment Schedule

<u>Principal Payment Date</u>	<u>Principal Payment Amount</u>
July 1, 2017	\$
July 1, 2018	\$
July 1, 2019	\$
July 1, 2020	\$
July 1, 2021	\$
July 1, 2022	\$
July 1, 2023	\$
July 1, 2024	\$
July 1, 2025	\$

CERTIFICATE

I, the undersigned, (Assistant) Secretary of the Board of School Directors of Southern Lehigh School District, in Lehigh County, Pennsylvania (the "School District"), certify that: the foregoing is a true and correct copy of a Resolution that duly was adopted by affirmative vote of a majority of all members of the Board of School Directors of the School District at a meeting duly held on the 12th day of September, 2016; said Resolution duly has been recorded in the minute book of the Board of School Directors of the School District; a notice with respect to the intent to adopt said Resolution has been published as required by law; said Resolution was available for inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania and such notice; and said Resolution has not been amended, altered, modified or repealed as of the date of this Certificate.

I further certify that the Board of School Directors of the School District met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. Ch. 7, by advertising the time and place of said meeting and by posting prominently a notice of said meeting at the principal office of the School District or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting.

I further certify that: the total number of members of the Board of School Directors of the School District is nine (9); the vote of members of the Board of School Directors of the School District upon said Resolution was called and duly was recorded upon the minutes of said meeting; and members of the Board of School Directors of the School District voted upon said Resolution in the following manner:

Kathleen Parsons	-
Jeffrey Dimmig	-
Dr. Thomas McLoughlin	-
Corinne Gunkle	-
Emily Gehman	-
William Lycett	-
Brian Merkle	-
Rita Sisselberger	-
Jennifer Smith	- ;

IN WITNESS WHEREOF, I set my hand and affix the official seal of the School District, this 12th day of September, 2016.

(Assistant) Secretary of the Board
of School Directors

(SEAL)