Taxable General Obligation Note, Series of 2018

BILL NO. 25 – 2018

ORDINANCE 2018-

AN ORDINANCE

OF THE COUNCIL OF THE CITY OF BETHLEHEM, LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA, AUTHORIZING THE ISSUANCE OF ITS GENERAL OBLIGATION NOTE, SERIES OF 2018 (THE "NOTE") IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,785,000; SETTING FORTH THE PURPOSE OF THE ISSUANCE OF THE NOTE, TO FUND CERTAIN CAPITAL PROJECTS OF THE CITY OF BETHLEHEM PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT; DETERMINING THAT THE NOTE SHALL BE SOLD AT PRIVATE SALE; DETERMINING THE PROJECTS AND ESTABLISHING THEIR USEFUL LIFE; DETERMINING THAT THE DEBT EVIDENCED BY THE NOTE SHALL BE NONELECTORAL DEBT; SETTING FORTH THE INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND FINAL MATURITY OF THE NOTE AND THE PREPAYMENT PRIVILEGES; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE NOTE; DESIGNATING A PAYING AGENT FOR THE NOTE; SETTING FORTH THE METHOD AND PLACE OF PAYMENT OF THE NOTE; APPROVING THE FORM OF THE NOTE; AUTHORIZING THE EXECUTION OF THE NOTE; ENTERING INTO A COVENANT WITH RESPECT TO THE NOTE AND PLEDGING THE CITY'S FULL FAITH, CREDIT AND TAXING POWER THEREFORE, AND ESTABLISHING A SINKING FUND FOR THE NOTE; DESIGNATING A SINKING FUND DEPOSITORY; SETTING FORTH CERTAIN ADDITIONAL TERMS WITH RESPECT TO THE NOTE; AUTHORIZING

APPROPRIATE OFFICERS TO FILE UNDER SECTION 8110 OF THE LOCAL GOVERNMENT UNIT DEBT ACT WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, INCLUDING PROCEEDINGS UNDER SECTION 8024 OR 8026 OF THE ACT MAKING CERTAIN FEDERAL TAX COVENANTS; DECLARING THE

DEBT EVIDENCED BY THE NOTE TO BE WITHIN THE LIMITATIONS OF THE LOCAL GOVERNMENT UNIT DEBT ACT MAKING CERTAIN FEDERAL TAX COVENANTS; AUTHORIZING DELIVERY OF THE NOTE; AUTHORIZING INVESTMENT OF THE PROCEEDS OF THE NOTE; PROVIDING FOR INVALID PROVISIONS; PROVIDING FOR INCONSISTENT ORDINANCES; PROVIDING WHEN THE ORDINANCE SHALL BECOME EFFECTIVE.

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

WHEREAS, the Council of the City (the Council) has previously determined to: (1) open, widen, straighten, alter, extend, construct, reconstruct, grade, re-grade, pave, re-pave, macadamize and/or otherwise improve, streets and highways of this City, including facilities for necessary drainage, lighting and traffic control and including payment of any damages; (2) alter, construct, reconstruct, grade, pave, establish or otherwise improve, sidewalks, curbs, divider curbs, gutters and drains; (3) purchase appropriate equipment for the extinguishment, prevention and investigation of fires; (4) design, construct, erect and make alterations, improvements, additions and extensions to the public storm sewer systems and to sewer systems; (5) construct, extend, enlarge, landscape, rehabilitate and equip public parks, parkways, playgrounds, playfields, public bath houses, swimming pools, and other recreational facilities; (6) to acquire land or interests in land, if necessary, and make and construct capital improvements upon such land or upon land and buildings previously acquired by the City, and to reconstruct and renovate the same, for proper municipal purposes; (7) purchase, acquire, make and construct other capital improvements and capital equipment for proper municipal purposes; and

WHEREAS, Council has determined at this time that it is in the City’s best interest to fund certain non-utility capital improvement projects on a tax exempt basis, such projects consisting of renovations to the golf course and other necessary capital improvement projects of the City (“City Improvement Projects”); and

WHEREAS, the completion of the Projects will require a capital funds borrowing under the Act, which the Council has decided to undertake; and

WHEREAS, the City has received realistic cost estimates from persons qualified by experience as to the amounts necessary to satisfy the costs of the items of planning, design, improvement, renovation and extraordinary repair to be undertaken and funded, any real estate rights and interests to be acquired and funded, all related equipment, furnishings, machinery and apparatus to be acquired and funded, and all related architects', appraisers', attorneys' and consultants' fees to be incurred with respect to the Projects, the total estimated cost of which is not in excess of $2,000,000.

WHEREAS, the Council has determined to implement the foregoing decision by the authorization, issuance and sale of its General Obligation Note, Series of 2018 (the "Note"), the proceeds from the sale thereof, after payment of the costs of issuance, will fund the Projects, sometimes referred to herein as the Financing Program; and

WHEREAS, the Council, in contemplation of the authorization, issuance and sale of the Note, has determined that the Note shall be offered for private sale, by invitation, in accordance with Section 8161 of the Act, which it believes is in the best interest of the City, and has designated PFM Financial Advisors LLC, its financial advisor (the "Financial

Advisor") to obtain quotations from banking institutions for the prospective purchase of the Note; and

WHEREAS, the Council has received and reviewed a written proposal in the form of a commitment letter, which shall constitute a Loan Agreement (the "Loan Agreement"), for the purchase of the Note, at private sale in accordance with the Financing Program, from Penn Community Bank (the "Bank"), which it desires, upon the recommendation of the Financial Advisor to accept; and

WHEREAS, the Council desires to award the Note to the Bank at private sale and to accept the Loan Agreement attached as Schedule "B” in the form submitted; to authorize issuance of nonelectoral debt in the aggregate principal amount of the Note in connection with the Financing Program; and to take appropriate action and to authorize such action in connection with the Financing Program, all in accordance with and pursuant to provisions of the Act; and

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

Section 1. The Council of the City of Bethlehem do authorize and direct the issuance of its General Obligation Note, Series of 2018 in the aggregate amount of $1,785,000, for the purpose of the Financing Program defined in Section 2 hereof. The Note will be obligations of the City payable from its general revenues.

Section 2. The purpose of the issuance and sale of the Note shall be to provide sufficient funds, in addition to those available, to carry out the Financing Program described in the Preamble to this Ordinance, in order to finance the costs of the Projects, which constitute capital projects with a useful life of not less than 5 to 30 years, pursuant to Section 8002 of the Act, and to pay the costs thereof as defined in Section 8007 of the Act.

Section 3. The Note shall be sold at private sale by invitation, which the Council hereby determines is in the best interests of the City.

Section 4. The Council has determined that the debt, of which the Note shall be evidence, shall be nonelectoral debt of the City.

Section 5(a). The Council shall issue, execute and deliver the Note to the Bank under the terms and conditions set forth in the Loan Agreement at a closing (the "Closing") in the aggregate principal amount of $1,785,000 in fully registered form. The Note shall bear interest at the fixed rate of 3.50% per annum (“Fixed Rate”), interest payable on May 1 and November 1 commencing on May 1, 2019 until November 1, 2038. Installments of principal on the Note and shall be payable as set forth on the attached debt service schedule. Interest shall be calculated based on a year of three hundred and sixty (360) days, comprised of twelve (12) thirty (30) day months. The Note is a draw down note.

(b) The Note shall be subject to prepayment in whole or part as provided in the form of the Note.

Section 6. The Council shall and does accept the proposal of the Bank for purchase of the Note, which Note shall be and is awarded to the Bank, in accordance with terms and conditions of the Loan Agreement, at private sale by invitation, at a dollar price of 100% of the principal amount thereof at Closing, together with accrued interest from the date thereof to the date of delivery thereof, if any, the Bank having submitted its proposal in accordance with provisions of the Act. Appropriate officers of the City are authorized and directed to execute the Loan Agreement.

Section 7. The Council does hereby designate, the Bank, a banking institution having trust offices in Yardley, Pennsylvania, or its successor or nominee-affiliate, as the "Paying Agent" for purposes of the Note.

Section 8. The principal of and premium, if any, and interest on the Note shall be payable by account transfer, check or draft of the Paying Agent mailed or delivered to the registered owner at the address shown on the registration books as of the close of business on the fifth (5th) day prior to the payment dates, in lawful monies of the United States of America, without deduction of any tax or taxes now or hereafter levied or assessed thereon under any present or future law of the Commonwealth, which tax or taxes this City assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate or inheritance taxes or to other taxes not levied or assessed directly on the Note or the interest paid thereon.

Section 9. The Note, subject to any technical corrections or modifications approved by Council, shall be in the following form:

CITY OF BETHLEHEM

Lehigh and Northampton Counties, Pennsylvania

General Obligation Note, Series of 2018

CITY OF BETHLEHEM (the "City"), a local government unit under and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as hereinafter defined, for value received, hereby promises to pay to PENN COMMUNITY Bank, a banking institution registered to do business within the Commonwealth of Pennsylvania with a corporate office in Yardley, Pennsylvania (the "Bank"), or its successors or assigns, on or before the 15th day of November, 2038, upon surrender hereof, the principal sum of One Million Seven Hundred and Eighty-Five Thousand Dollars ($1,785,000), or such lesser sum as may have been advanced by the Bank to the City pursuant to the terms of the Ordinance as enacted September 18, 2018 and to pay interest on said principal sum at the fixed rate of 3.50% per annum (“Fixed Rate”), interest payable on May 1 and November 1 commencing on May 1, 2019 either until maturity hereof or, if this Note shall be prepaid, until the date of such prepayment, principal due in full on or before November 1, 2038. Installments of principal on the Note shall be payable as set forth on the attached debt service schedule. The City may draw down funds (“Draws”) under the terms and conditions of this Note for a period of approximately one (1) year, which shall expire on November 1, 2019. In no event shall the cumulative Draws exceed the principal sum total of the Note. Interest shall be calculated based on a year of three hundred and sixty (360) days, comprised of twelve (12) thirty (30) day months.

The principal of and interest on this Note shall be payable at the principal office of the Bank, or any successor or assignee, in any coin or currency of the United States of America which, at time of payment, is legal tender for payment of public and private debts, to the registered owner on the fifth (5th) day prior to each payment date.

The Note has been authorized for issuance in accordance with provisions of the Local Government Unit Debt Act (the "Act") of the Commonwealth and by virtue of an Ordinance of the City duly enacted September 18, 2018 (the "Ordinance"). The Act, as such shall have been in effect when the Note was authorized, and the Ordinance shall constitute a contract between the City and registered owner, from time to time, of the Note.

The Note constitutes a general obligation of the City payable from its general revenues. The Note is issued for the purpose of providing monies, in addition to those available, to fund the costs of certain capital projects (the Projects as defined in the Ordinance), as such costs are defined in Section 8007 of the Act.

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

This Note may be prepaid at the option of the City in whole or in part at any time upon payment of the principal thereof and accrued interest to the prepayment date.

If the Bank shall merge or change its identity or assign this Note, the Bank shall give written notice of such action to the City, which notice shall direct the City to make payments hereunder henceforth to the appropriate successor or assignee. Such notice shall be effective if given not less than fifteen (15) days prior to any date for the payment of principal and interest thereunder, or for the prepayment of principal, if notice of prepayment shall have been given to the Bank.

Reference is hereby made to the Ordinance and to the Loan Agreement between the City and the Bank for a statement of the nature, extent and manner of enforcement of the security, the terms and conditions under which the Ordinance may be amended or modified, the rights of the holder of the Note in respect to such security, and the terms and conditions under which the Note is issued. The City has established with the Bank a sinking fund for the Note and has made provision for the deposit therein from its general revenues, of amounts sufficient to pay, and from which the Bank, as paying agent and sinking fund depository, is required to pay, the principal of and interest on the Note as the same shall become due and payable.

It is hereby 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 City, is not in excess of any limitation imposed by the Act upon the incurring of debt by the City.

IN WITNESS WHEREOF, the City has caused this Note to be executed in its name by the signature of the President of the Council of the City, and its seal to be affixed hereto, attested by the City Clerk, all as of , 2018.

CITY OF BETHLEHEM

BY:

President

Council of the City

ATTEST:

City Clerk

(SEAL)

CERTIFICATE OF REGISTRATION NOTICE

NO WRITING HEREON EXCEPT

BY PAYING AGENT ON BEHALF OF THE MAKER

It is hereby certified that the foregoing Note is registered as to principal and interest as follows:

Name of Address of Date of Paying Agent’s Registered Owner Registered Owner Registration Authorized Signature

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

the within Note, and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ attorney to transfer said Note on the books of the within named Maker, with full power of substitution in the premises.

Tax Identification No.

Dated:

NOTICE: The signature on this assignment must correspond with the name as it appears upon the fact of the within note in every particular, without alteration or any change whatsoever.

Section 10. The Note shall be executed in the name of and in behalf of this City by the signature or facsimile signature of the President of the Council of the City, and the official seal of this City or a facsimile thereof shall be affixed thereunto, attested by the signature or facsimile signature of the City Clerk.

Section 11. This City covenants to and with the holder or registered owner of the Note, from time to time, pursuant to this Ordinance, that this City shall include the amount of the debt service thereon for each fiscal year of this City in which such sums are payable, in its budget for each such fiscal year, shall appropriate such amounts to the payment of such debt service, and duly and punctually shall pay or shall cause to be paid the principal of the Note and the interest thereon on the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of this City shall be enforceable specifically.

Furthermore:

(a) There are created pursuant to Section 8221 of the Act, a sinking fund for the Note, to be known as the "Sinking Fund, General Obligation Note, Series of 2018”, or the "Note Sinking Fund", which sinking fund shall be administered in accordance with applicable provisions of the Act.

(b) From the funds deposited in the appropriate sinking funds, the Paying Agent, without further action of the City, is hereby authorized and directed to pay the principal of and interest on the respective Note, and the City hereby covenants that such monies, to the extent required, will be applied to such purpose, as follows: the Paying Agent shall pay all interest and principal on each Note, as and when the same shall become due and payable.

Section 12. The City appoints the Bank as the Sinking Fund Depository with respect to the Sinking Funds created pursuant to Section 11 of this Ordinance.

Section 13. The Mayor of this City is authorized and directed to contract with the Bank for its services as Sinking Fund Depository and as Paying Agent in connection with the Note, and is authorized and directed to execute on behalf of the City at the appropriate time, a Paying Agent Agreement with the Bank in its capacity as Paying Agent for the Note. The Mayor and the Business Administrator are authorized to approve payment at closing on the sale of the Note of all costs and expenses incidental to such issuance and sale and consummation of the Financing Program.

Section 14. The following additional terms and conditions shall apply, as appropriate, to the Note:

1. Should the City fail to provide the Paying Agent with sufficient funds, payable to the Sinking Fund, at appropriate intervals, so as to enable the Paying Agent to pay the principal and interest on the Note as and when due, or should the City, through the Paying Agent, fail to make such payments as and when due, or should the City fail to perform any other covenant or condition contained in this Ordinance and running to the benefit of the holder or registered owner of the Note, or contained in the Act as applicable to the Note, such failure shall constitute a default by the City, and the registered owner of the Note shall be entitled to all the rights and remedies provided by the Act in the event of default. If any such default occurs, the Paying Agent may, and upon written request of the registered owner of the Note accompanied by indemnity in such form and in such amount as the Paying Agent shall designate or a Court of competent jurisdiction shall set and establish, shall bring suit upon the Note, or by other appropriate legal or equitable action restrain or enjoin any acts by the City which may be unlawful or in violation of the rights of the owner of the Note.
2. With respect to the Note hereunder, when such Note shall be paid by the City or the Paying Agent pursuant to the terms and provisions of this Ordinance, they shall be cancelled and cremated or otherwise destroyed by the Paying Agent, which shall then furnish the City with a Certificate of Cremation or Destruction, if requested.

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

(d) With respect to the Note hereunder, the City may, from time to time and at any time, enact a supplemental ordinance in order to: (1) cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance, or (2) grant to or confer upon the owner of the Note any additional rights, remedies, powers, authority, or security that may be lawfully granted to or conferred upon it. This Ordinance may also be amended or modified from time to time, except with respect to the interest payable upon the Note, or with respect to the date of payments and maturity of the Note, and in the case of any such permitted amendment or modification, a certified copy of the same shall be filed with the Paying Agent following approval in writing by the owner of the Note, unless provision for payment or redemption of the Note has been made prior to the effective date thereof as provided in subsection (c) above.

Section 15. The President or Vice President and the City Clerk of this City, which

shall include their duly qualified successors in office, if applicable, are authorized and directed as appropriate; (a) to prepare, to certify and to file the debt statement required by Section 8110 of the Act; (b) to prepare and file, as required with the Department of Community and Economic Development (the "Department") of the Commonwealth, statements required by Section 8024 or 8026 of the Act, which are necessary to qualify certain nonelectoral and lease rental debt of this City and, if necessary, the debt which will be evidenced by the Note to be issued hereunder, as

subsidized or self-liquidating debt; (c) to prepare, execute and to file the application with the Department, together with a complete and accurate transcript for 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 Act; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

Section 16. It is declared that the debt to be incurred by the issuance of the Note hereby, together with any other indebtedness of the City, is not in excess of any limitation imposed by the Act upon the incurring of debt by the City.

Section 17. (a) The City hereby covenants with the registered owners, from time to time, of the Note that no part of the proceeds of the Note or of any moneys on deposit with the Paying Agent and Sinking Fund Depository hereunder will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Note, would have caused the Note to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder (the "Regulations") proposed or in effect at the time of such use and applicable to the Note, and that it will comply with the requirements of the section of the Code and the Regulations throughout the term of the Note.

(b) If the total tax-exempt borrowings of the City in the calendar year 2018 should exceed the applicable exemption limitation (not less than $5,000,000

or more than $10,000,000), and if the gross proceeds of the Note are invested at a yield greater than the yield on the Note and are not expended within six months from the date of issuance, or within the applicable periods therefrom and in the applicable percentages if Section 148(t)(4)(C)(ii) shall be applicable, the City covenants that it will "Rebate" to the U.S. Treasury, at the times and in the manner required by the Code, all investment income derived from investing the proceeds of the Note in an amount which exceeds the amount which would have been derived from the investment of the proceeds of the Note at a yield not in excess of the yield on the Note. Provided however, that the President of the City Council and the Mayor are hereby authorized on behalf of the City to exercise an election to pay, in lieu of Rebate, a penalty pursuant to Section 148(f)(4)(C)(vii)(I), which election, if made in their discretion, shall be contained in the City's Non-Arbitrage Certificate with respect to the Note issued at closing thereon, and shall thereupon become binding upon the City, in which case the City shall pay the appropriate penalties, as applicable, as and when due, in lieu of Rebate.

Section 18. The City does hereby covenant and agree, for the benefit of the holders of the Note from time to time, that to the extent required it will comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission ("SEC") with respect to municipal securities disclosure, and will execute and comply with an appropriate Continuing Disclosure Certificate as approved by note counsel as long as the Note are outstanding.

Section 19. Proper officers of this City are authorized and directed to deliver the Note, upon execution thereof as provided for herein, to the Bank, but only upon receipt of proper payment of the balance due or the amount then to be drawn thereon, and only after the Department has certified its approval pursuant to Section 8111 of the Act, and to pay or direct the payment of the costs of issuance and comply with the Loan Agreement requirements, including fees due and payable to the Bank.

Section 20. The proceeds of the sale of the Note, after payment of the costs of issuance, shall be invested, pending application to the payment of costs of the Projects, in investments (the "Investments"), which are legal investments for City under the laws and statutes of the Commonwealth of Pennsylvania, and further, to the extent not invested in direct obligations of the United States, such Investments shall be adequately collateralized by such obligations. The Business Administrator is hereby authorized and directed to make appropriate arrangements for the Investments.

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

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

Section 23. This Ordinance shall be effective in accordance with Section 8003(c)

of the Act.

Sponsored by

PASSED finally by Council on the day of , 2018.

President of Council

ATTEST:

City Clerk

This Ordinance approved this day of , 2018.

Mayor

CERTIFICATION

I hereby certify that the foregoing document is a true and correct copy of Ordinance

passed by Bethlehem City Council on , 2018.

Certified this , 2018.

City Clerk

CITY OF BETHLEHEM

LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA

IN RE:

2018 NOTE PROJECT : BORROWING ORDINANCE

:

: CERTIFICATE OF ENACTMENT

CERTIFICATE

I, the undersigned, City Clerk of the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the "City"), certify that:

The foregoing is a true and correct copy of an Ordinance which duly was enacted by affirmative vote of a majority of all members of the Council of the City at a meeting duly held on the 18th day of September, 2018; said Ordinance duly has been recorded in the Minute Book of the Council of the City; notices with respect to enactment (both before and after enactment) of said Ordinance have been published as required by law; and said Ordinance has not been amended, altered, modified, or repealed as of the date of this certificate.

I further certify that:

The total number of members of the Council of the City is seven (7); the vote of the members of the Council upon said Ordinance was called and duly was recorded upon the Minutes of said meeting; and members of the Council voted upon said Ordinance in the following manner:

Bryan G. Callahan \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Michael G. Colon \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Shawn M. Martell \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Olga Negron \_\_\_\_\_\_\_\_\_\_\_\_\_\_

J. Williams Reynolds \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Adam R. Waldron \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Paige Van Wirt \_\_\_\_\_\_\_\_\_\_\_\_\_\_

IN WITNESS WHEREOF, I set my hand and affix the official seal of the City, this

day of , 2018.

City Clerk

(SEAL)

**SCHEDULE A**

MANDATORY REDEMPTION

Mandatory redemption provisions, if any, shall be agreed upon by the parties.

SCHEDULE “B”

OPTIONAL REDEMPTION

Optional redemption provisions, if any, shall be agreed upon by the parties.

SCHEDULE C”

REGISTERED REGISTERED

NUMBER $\_\_\_\_\_\_\_\_\_\_\_

GO-1

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

CITY OF BETHLEHEM

TAX EXEMPT GENERAL OBLIGATION BONDS, SERIES OF 2018

Dated Date

Interest Rate Maturity Date of Series Cusip

\_\_\_\_\_\_\_% \_\_/\_\_/\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

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

DOLLARS

and to pay semiannually on May 1 and November 1 of each year, beginning May 1, 2019, to the registered owner hereof, interest on said principal sum, at the rate per annum stated hereon, from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated prior to May 1, 2019, in which event this Bond shall bear interest from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or unless, as shown by the records of the Paying Agent (hereinafter identified), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date on which interest was last paid on this Bond, until said principal sum is paid.

SCHEDULE “D”

This Bond is one of a series of Bonds of the City, known generally as "Tax Exempt General Obligation Bonds, Series of 2018" (the "Bonds"), stated to mature in \_\_\_\_ through \_\_\_\_ both inclusive, in the aggregate principal amount of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_\_\_), authorized pursuant to an ordinance (the "Ordinance") of the City enacted September 18, 2018.

The proceeds of sale of the Bonds will be utilized to fund the Refunding Program as defined in the Ordinance.

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

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

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

The interest on this Bond, which is payable by check drawn on The Bank of New York Mellon Trust Company, N.A., as paying agent, or its successors (the "Paying Agent"), and the principal of and premium, if any, on this Bond, which are payable upon surrender, are payable in lawful money of the United States of America, at the corporate trust office of the Paying Agent in Pittsburgh, Pennsylvania. Payment of the interest hereon shall be made to the registered owner hereof whose name and address shall appear, at the close of business on the 15th day of the month next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date, unless the City shall be in default in payment of interest due on such interest payment date. In the event of such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of this Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

The Bonds are issuable only in the form of registered Bonds, without coupons, in the denominations of $5,000 principal amount or any integral multiple thereof. Bonds may be

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

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

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

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

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

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

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name by the signature of the President of the Council of the City, and its seal to be affixed hereto, attested by the facsimile signature of the City Clerk, all as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2018.

ATTEST: CITY OF BETHLEHEM

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

City Clerk President of Council

(SEAL)

CERTIFICATE OF AUTHENTICATION AND

CERTIFICATE AS TO OPINION AND

CERTIFICATE AS TO STATEMENT OF INSURANCE

It is certified that:

(i) This Bond is one of the Bonds described in the within mentioned Ordinance;

(ii) The text of the Opinion attached to this Bond is a true and correct copy of the text of an original Opinion issued by King, Spry, Herman, Freund & Faul, LLC dated and delivered on the date of the original delivery of, and payment for, such Bonds that is on file at our corporate trust office in Pittsburgh, Pennsylvania where the same may be inspected; and

(iii) The original or a copy of the municipal bond insurance policy referred to in the statement of insurance attached to this Bond is on file at our corporate trust office in Pittsburgh, Pennsylvania where the same may be inspected.

THE BANK OF NEW YORK MELLON TRUST

COMPANY, N.A., as Paying Agent

BY: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Representative

Authentication Date

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Transferor"),

hereby sells, assigns and transfers unto

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Transferee")

Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address

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

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed

by an institution which is a participant

in the Securities Transfer Agent Medallion

Program (STAMP) or similar program.