

BOROUGH OF DICKSON CITY  
LACKAWANNA COUNTY  
PENNSYLVANIA  
RESOLUTION NUMBER R-11- 2018

RESOLUTION AUTHORIZING THE INCURRING OF TAX AND REVENUE ANTICIPATION DEBT AND THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE IN THE FACE AMOUNT OF \$200,000.00; ACCEPTING THE OFFER OF PEOPLES SECURITY BANK AND TRUST COMPANY, AND ESTABLISHING THE TERMS OF THE NOTE.

WHEREAS, the Borough of Dickson City of Lackawanna County, Pennsylvania, (the "Borough") anticipates current revenues as yet uncollected; and

WHEREAS, the Borough requires additional funds for current and anticipated expenditures to fund anticipated deficits; and

WHEREAS, the Borough has determined that it is necessary to borrow for the purpose of meeting current and anticipated expenses for the fiscal year ending December 31, 2018, by issuing a note to be repaid from the receipt of anticipated taxes and revenues; and

WHEREAS, PEOPLES SECURITY BANK AND TRUST COMPANY (the "Bank"), has submitted to the Borough a Proposal to Purchase the Tax and Revenue Anticipation Note of the Borough and the Borough desires, by the adoption of this Resolution, to accept such proposal and authorize the issuance and sale of its Tax and Revenue Anticipation Note;

NOW THEREFORE, Be It Resolved by the Borough Council of the Borough of Dickson City, and it is hereby resolved by the authority of said Board, as follows:

1. The Borough hereby authorizes the issuance of a tax and revenue anticipation note in the amount of \$200,000 (the "Note") in anticipation of the receipt of current taxes and revenues, to be sold at private sale. The Borough has determined it to be in its best financial interest to award the sale by private negotiation.

2. The Note shall be in the denomination of \$200,000.00, shall be redeemable at any time at the option of the Borough, without penalty or premium, shall be fully registered without

coupons, shall be dated the earliest date possible under the law, bear interest at the rate of one and thirty hundredths percent (1.30%) per annum on the unpaid balances from time to time, subject to an alternate taxable rate of one and ninety six hundredths percent (1.96%) if the interest in the Note is not free of federal and Pennsylvania income tax in the hands of the holder or the cost to carry the Note is not deductible to the extent of at least 80% thereafter, which accrued interest shall be payable at maturity, shall mature on December 31, 2018, shall be payable at the Scranton office of the Bank, and shall be substantially in the form annexed to this Resolution as Exhibit "A", hereby made a part of this Resolution as though fully set forth at this place. The said Note shall be given to secure a current advance of \$200,000.00.

3. The proposal of PEOPLES SECURITY BANK AND TRUST COMPANY to purchase the Note, dated December 18, 2017, is hereby accepted and shall be incorporated into this Resolution as Exhibit "B" hereto and the President and Secretary of the Borough Council are hereby authorized and directed to execute and deliver a duplicate original of the acceptance of said proposal to the Bank.

4. Closing of the purchase of the Note by PEOPLES SECURITY BANK AND TRUST COMPANY shall not occur prior to January 12, 2018.

5. The Note is hereby designated as a "qualified tax-exempt bond", as that term is defined in §265 of the U.S. Internal Revenue Code of 1988, as amended (the "Code"). The Borough does not anticipate borrowing in excess of \$10,000,000 during fiscal year 2018. No part of the proceeds of the Note shall at any time be used directly or indirectly to acquire securities or other obligations the acquisition of which would cause the Note to be "arbitrage bonds" as defined in the Code.

6. The Note shall be secured by the full faith, credit and taxing power of the Borough, and a pledge of, and a lien and charge on, the taxes and all of the other revenues of the Borough to be received during the period when the Note will be outstanding.

7. The Borough hereby established a sinking fund and designates PEOPLES SECURITY BANK AND TRUST COMPANY as sinking fund depository pursuant to the Local Government Unit Debt Act, enacted December 19, 1996, as amended (the "Act"). The Treasurer of the Borough hereby is authorized and directed to deposit the interest due and the full amount of the debt due and owing, plus interest accrued, if any, on or before December 31, 2018, to be held by the Bank for payment of the Note. The Bank shall, without further authorization, withdraw moneys from the sinking fund and apply such moneys to the payment of principal and interest on the Note as the same become due.

8. The President of the Borough Council be and hereby is authorized and directed to execute and deliver in the name of, on behalf of, and under the seal of, the Borough, the Tax and Revenue Anticipation Note, in the form and containing terms described above, and the Secretary of the Borough Council be and hereby is authorized and directed to attest the same.

9. The Treasurer of the Borough Council be and hereby is authorized and directed to prepare or to cause to be prepared a Certificate As To Taxes and Revenues To Be Collected and a Certificate of Cumulative Deficit as required by Section 8126 of the Act.

10. The officers of the Borough Council be and hereby are authorized and directed to perform all acts which are necessary and proper for the valid issuance and security of the Note and make payment of expenses and fees.

11. Attached hereto as Exhibit "C" is a true and correct copy of the Certificate of the Treasurer of the Borough as the taxes to be collected and cumulative deficits during the period

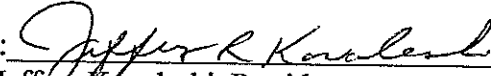
when the Note will be outstanding, prepared pursuant to the provisions of Section 8126 of the Act.

RESOLVED this 9<sup>th</sup> day of January, 2018.

ATTEST:

BOROUGH OF DICKSON CITY

  
Secretary Donna Sosik

By:   
Jeffrey Kovaleski, President  
Borough Council

EXHA  
BOROUGH OF DICKSON CITY

Lackawanna County, Pennsylvania

Tax and Revenue Anticipation Note of 2018

\$200,000.00

January \_\_\_\_\_, 2018

The BOROUGH OF DICKSON CITY (hereinafter the "Borough"), Lackawanna County, Pennsylvania, intending to be legally bound, promises to pay to the order of PEOPLES SECURITY BANK AND TRUST COMPANY (hereinafter the "Bank"), at its office at Scranton, Pennsylvania, on or before December 31, 2016, the sum of Two Hundred Thousand Dollars (\$200,000.00) in such coin or currency as, at the place and time of payment, is legal tender for the payment of public and private debts, with interest thereon, payable at maturity, from the date hereof on the unpaid principal balance from time to time outstanding at the rate of One and Thirty Hundredths percent (1.30%) per annum, subject to an Alternate Rate Agreement of even date herewith.

Payment of the indebtedness evidenced hereby may be anticipated in whole or in part at any time and from time to time without penalty or premium.

The indebtedness evidenced hereby is a borrowing in anticipation of current taxes and revenues to be received during the fiscal year ending December 31, 2018, by the Borough during said fiscal year. The Borough hereby pledges to the Bank and grants to the Bank a lien and charge on the Borough's taxes and revenues to be received during the period when this Note is and will be outstanding, to secure the payment of the indebtedness evidenced hereby and the interest thereon.

The Borough further agrees to deposit into a separate Sinking Fund, to provide for payment of the principal and the interest hereon in full, on or prior to December 31, 2018.

This Tax Anticipation Note is executed and delivered pursuant to a Resolution adopted by the Borough upon the affirmative vote of at least a majority of the members of the Borough Council at a meeting held on January 9, 2018.

This Tax Anticipation Note is hereby designated a Qualified Tax-Exempt Obligation, as the same is defined in §265 of the U.S. Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Borough has caused this Tax Anticipation Note to be executed by the President of the Borough Council, its seal to be hereunto affixed, and the same to be attested by its Secretary, and this Note to be delivered to the Bank this \_\_\_\_\_ day of January, 2018.

ATTEST:

BOROUGH OF DICKSON CITY

*Donna Sosik* (Borough)  
Donna Sosik, Secretary (Seal)

*Jeffrey R. Kovaleski*  
Jeffrey Kovaleski, President  
Borough Council

### Exhibit "A" to Resolution



**PROPOSAL TO PURCHASE TAX & REVENUE ANTICIPATION NOTE**

Peoples Security Bank and Trust Company, (the "Bank") hereby offers, on the terms and conditions herein set forth, to purchase, at the principal amount thereof, a tax and revenue anticipation note, (the "Note") as follows:

1. The Note shall be issued by the following local government unit, (the "Issuer"):

The Borough of Dickson City, a municipality located in the Commonwealth of Pennsylvania, and shall be in substantially the form of a Tax and Revenue Anticipation Note, and shall have the following terms:

Principal Sum: Two Hundred Thousand Dollars (\$200,000.00)

Interest Rate: 1.30 % per annum, (the "Tax-Free Rate") on a 365/360 basis, and paid for the actual days elapsed, provided that the interest is free of Federal and Pennsylvania income tax in the hands of the holder (the "Tax Assumption") and the interest paid on funds used to purchase the Note (the "Cost to Carry") are deductible to the extent of not less than 80% thereof (the "Cost to Carry Assumption") as provided in Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"); if the Tax Assumption or the Cost to Carry Assumption is not correct the interest rate shall be 1.96% per annum, retroactive to the date of such determination, even though the Note may have been paid in full and discharged.

Due Date: Not later than December 31, 2018

Closing: Closing shall occur in 2018

Payable to the Bank or its order at Scranton, Pennsylvania.

2. The Note shall be in form and content satisfactory to the Bank, and shall be issued and sold by the Issuer pursuant to the Pennsylvania Local Government Unit Debt Act 177 of 1996, P.L. 1155 of the General Assembly of the Commonwealth of Pennsylvania, as amended, (the "Act") and shall be dated the date of the loan evidenced thereby.
3. The Bank shall purchase the Note at such time as the Issuer shall request, but not sooner than January 2, 2018, subject, however, to the satisfaction of the following conditions precedent at or before the issuance of the Note and the making of the loan evidenced thereby, to wit:

- (a) The Issuer shall have duly adopted an Resolution in form and content satisfactory to the Bank authorizing the issuance of the Note to the Bank, and the Bank shall receive a copy of the Resolution duly certified by a duly authorized officer of the Issuer;
- (b) The Bank shall receive an executed counterpart of a Certificate of Authorized Officers confirming that the principal amount of the Note does not exceed the maximum principal amount permitted by the Act, dated not more than thirty (30) days prior to the date of the closing and otherwise complying with the Act.
- (c) The Issuer will supply to the Bank a copy of its approved 2018 Budget prior to closing (if completed)
- (d) The Bank shall have received the unqualified approving legal opinion of the Issuer's Solicitor as to (i) the due adoption, legal sufficiency and continuing effectiveness of the Resolution, (ii) the due authorizations, execution, issuance and delivery, validity, binding effect and enforceability of the Note, and (iii) the absence of pending or threatening litigation with respect to or affecting acceptance of this Proposal, adoption of the Resolution and issuance of the Note, and such other matters as the Bank shall reasonably request;
- (e) The Bank shall have received the unqualified approving legal opinion of the Issuer's Solicitor (i) that the interest in the hands of the holder is free of Pennsylvania and U.S. income tax, (ii) that the Cost to Carry is deductible by the Bank to the extent of 80% thereof; and (iii) that the Note is a "qualified tax exempt bond" under Section 265 of the Code;
- (f) The proceedings for the issue and sale of the Note shall have been duly filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania in compliance with the Act, and the Bank shall have received satisfactory evidence of such filing;
- (g) The Bank shall have received a duly executed Certificate as to Estimated Taxes and Revenues to be collected during the period that the Note will be outstanding dated as of the date of the Note;
- (h) The Note shall be secured by the full faith, credit and taxing power of the Issuer and the Bank shall be entitled to file Financing Statements complying with the Pennsylvania Uniform Commercial Code describing the pledge by the Issuer to the Bank of the taxes and revenues to be received by the Issuer during the time when the Note is outstanding;



- (i) The Bank shall have received such information and certification as the Bank may in its discretion require in order to establish that the Note will not be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder;
- (j) The Bank shall receive an Indemnity and Alternate Rate Agreement.
- (k) The Bank shall have received at the time of payment for and delivery of the Note, or promptly thereafter, a copy of IRS Form 8038-G prepared by the Issuer in compliance with Section 149 (e) of the Code along with evidence of the filing thereof with the Internal Revenue Service Center; and
- (l) All legal details and proceedings in connection with the transactions contemplated by this proposal and such loan shall be in form and substance satisfactory to the Bank, and the Bank shall have received all such counterparts or certified copies of such documents and proceedings as the Bank may reasonably request.
- (m) Borrower to pay Bank legal counsel fees for loan documentation in an amount up to \$1,000.
5. This proposal is subject to acceptance by the Issuer not later than sixty (60) days following the date hereof, such acceptance to be evidenced by the execution by the Issuer, as indicated below.

Dated: December 18, 2017

Peoples Security Bank and Trust  
Company

By: Sharon A. Byrne  
Sharon A. Byrne  
Senior Vice President

Accepted this 17th day of December, 2017

Attest:

Donna Ash  
Secretary

By: Barbara Mecca  
President

BOROUGH OF DICKSON CITY  
(Lackawanna County, Pennsylvania)

**CERTIFICATE AS TO COLLECTIONS AND EXPENDITURES**  
FOR TAX AND REVENUE ANTICIPATION NOTE OF 2018

We, Designated Officers of the above-named Municipality (the "Local Government Unit"), who are charged among others, with the responsibility of issuing and delivering the Tax and Revenue Anticipation Note of 2018 (the "Note"), certify that;

1. It has been estimated that the amounts of money shown in column (2) of Exhibit A, will be received by the Local Government Unit from taxes currently levied and assessed and other current revenues (including without limitation, subsidies, reimbursements and interest earnings, including expected interest earnings on Note proceeds), and that the amounts shown in column (3) of Exhibit A, will be expended, during the fiscal year ending December 31, 2018.
2. The principal amount of the Note, plus the principal amount of any and all other borrowings pursuant to tax anticipation notes, revenue anticipation notes and tax and revenue anticipation notes currently and to be outstanding in the fiscal year ending December 31, 2018, will not exceed 85% of the sum of the estimated receipts set out in column (2) of Exhibit A, during the period beginning on the date hereof and ending on the last day of said fiscal year.
3. The Maximum Allowable Borrowing Amount is the Highest Cumulative Cash Flow Deficit set forth in column (4), but may include an amount not exceeding five percent (5%) of the prior years' expenditures, if Exhibit A is applicable, as set forth to the right of the columns; the principal amount of the Note does not exceed such Maximum Amount.
4. On the basis of the foregoing estimates and the facts and circumstances now in existence and herein set forth, it is not expected that the proceeds of the Note will be used in a manner that would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the United States Internal Revenue Code of 1986, as amended (the "Code") or the Regulations thereunder. The Note is being issued to finance the anticipated cash flow deficit of the Local Government Unit, as computed above.
5. There are no amounts in a general fund or any other account available for the payment of the deficit shown on Exhibit A, which may be invaded to pay such deficit without a legislative, judicial or contractual requirement that any such amount be reimbursed.
6. The estimates set out on Exhibit A, are in accordance with the duly adopted budget of the Local Government Unit and take into account the past and anticipated collection experience of the Local Government Unit and current economic conditions.

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7. To the best of our knowledge and belief, the expectations stated herein are reasonable and there are no other facts, estimates or circumstances which would materially change the conclusions set out herein.

8. The Local Government Unit has not been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that these certifications with respect to its obligations may not be relied upon, nor has any notice to that effect been published in the Internal Revenue Bulletin.

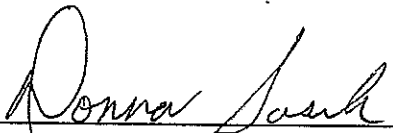
9. The certifications contained herein are made pursuant to Sections 8122 and 8126 of the Local Government Unit Debt Act and Section 148 of the Code and the Regulations thereunder.

DULY EXECUTED by Designated Officers as of a date not more than thirty (30) days before the date of adoption of the Resolution and confirmed on the date of such adoption set by means of the signatures forth in the Certificate and Transmittal.

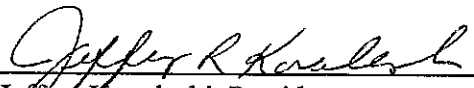
NOTE: Exhibit A has been attached to the Certificate and Transmittal.

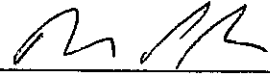
Dated as of the 9<sup>th</sup> day of January, 2018.

ATTEST:

  
 Secretary, Donna Sosik

BOROUGH OF DICKSON CITY

By:   
 Jeffrey Kovaleski, President  
 Borough Council

By:   
 Thomas Rainey, Treasurer  
 Borough of Dickson City

**BOROUGH OF DICKSON CITY**  
**Small Borrower (\$10,000,000 and Under) Exemption**

<u>Year 2018</u>	<u>Opening Balance</u>	<u>Estimated Receipts</u>	<u>Estimated Expenditures</u>	<u>Cumulative Surplus/Deficit</u>
January	0	257,100	358,000	(100,900)
February	(100,900)	393,500	510,000	(217,400)
March	(217,400)	490,000	490,000	(217,400)
April	(217,400)	895,000	498,000	179,600
May	179,600	425,000	483,000	121,600
June	121,600	385,000	496,000	10,600
July	10,600	510,000	460,000	60,600
August	60,600	490,000	460,000	90,600
September	90,600	545,000	490,000	145,600
October	145,600	505,691	436,202	215,089
November	215,089	416,000	406,435	224,654
December	224,654	348,070	428,448	144,276
		<u>5,660,361</u>	<u>5,516,085</u>	
		x 85%		
		<u>4,811,307</u>	12,635	


EXHA TO CERTIFICATE

CERTIFICATION OF  
ANTICIPATED TAX RECEIPTS FOR THE  
BOROUGH OF DICKSON CITY, LACKAWANNA COUNTY  
FISCAL YEAR 2018

I hereby certify that:

- |   |               |
|---|---------------|
| 1. The entire assessed value of real estate situate in the Borough of Dickson City, Lackawanna County, Pennsylvania, and subject to real estate taxation for Fiscal Year 2018 (January 1, 2018, to December 31, 2018) is: | \$ 71,316,282 |
| 2. The Borough Council has duly imposed a real estate tax for Fiscal Year 2018 at a rate of \$20 per thousand dollars of assessment or .02 mills.   | \$ 1,426,327  |
| 3. The total real estate tax assessed by the Borough of Dickson City for Fiscal Year 2018 is:   | \$ 1,426,327  |
| 4. In the past, the fair average percentage of taxes collected to taxes assessed has been 97%, and it is reasonable to anticipate that such percentage will be achieved in Fiscal Year 2018.                              | \$ 1,383,537  |
| 5. It is reasonable and accurate to estimate that the Borough of Dickson City will collect real estate taxes for Fiscal Year 2018 in the amount of:   | \$ 1,383,537  |
| 6. As of the date hereof, the duly elected real estate tax collector for Borough of Dickson City has collected real estate taxes with regard to the 2018 assessment in the sum of:  | \$ 0          |
| 7. It is reasonable and accurate to estimate that the Borough of Dickson City will collect additional real estate taxes prior to December 31, 2018, in the sum of:  | \$ 1,383,537  |
| 8. The Borough of Dickson City anticipates that it will receive additional revenues from all sources, available for general purposes, during the remaining period of Fiscal Year 2018 in the amount of:                   | \$ 4,276,824  |
| 9. Combine 7 and 8.   | \$ 5,660,361  |
| 10. Borrowing limitation percentage   | 85%           |
| 11. Borrowing limitation  | \$ 4,811,307  |

Date this 2 day of January, 2018.

  
\_\_\_\_\_  
Treasurer  
Borough of Dickson City