

**CITY OF LANCASTER
LANCASTER COUNTY, PENNSYLVANIA**

**FILE OF THE CITY CLERK
ADMINISTRATION ORDINANCE NO. 3 – 2016
ADMINISTRATION BILL NO. 2 - 2016
INTRODUCED - FEBRUARY 23, 2016
ADOPTED BY CITY COUNCIL – MARCH 8, 2016**

AN ORDINANCE AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT OF THE CITY OF LANCASTER, LANCASTER COUNTY, PENNSYLVANIA, BY THE ISSUANCE OF \$118,820,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES OF 2016; ISSUED FOR THE PURPOSE OF PROVIDING FUNDS FOR THE ADVANCE REFUNDING OF A PORTION OF THE CITY OF LANCASTER GENERAL OBLIGATION BONDS, SERIES OF 2007 AND PAYING THE COSTS OF ISSUING AND INSURING THE BONDS; DETERMINING TO SELL THE SERIES OF 2016 BONDS (THE “2016 BONDS”) AT A PRIVATE SALE BY INVITATION; APPROVING THE FORM OF THE SERIES OF 2016 BONDS; FIXING THE NUMBER, DATE, INTEREST AND MATURITIES OF THE 2016 BONDS; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE 2016 BONDS; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS CITY IN SUPPORT OF SUCH BONDS; PROVIDING FOR THE FILING OF REQUIRED DOCUMENTS; PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITARY FOR THE 2016 BONDS; AND AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF, AND OTHER NECESSARY ACTION.

WHEREAS, the City of Lancaster (the “City”) is a third class city existing under the laws of the Commonwealth of Pennsylvania and is a Local Government Unit as defined in the Local Government Unit Debt Act (the “Act”);

WHEREAS, the governing body, the City Council, of the City (the “Council”) previously authorized the issuance of \$125,315,000 principal amount of General Obligation Bonds, Series of 2007 dated April 12, 2007 (the “2007 Bonds”) for the purpose of providing funds for certain capital projects of the City, paying capitalized interest on the 2007 Bonds, refunding the General Obligation Note, Series of 2004 of the City, and paying the costs and expenses of issuing and insuring the 2007 Bonds;

WHEREAS, pursuant to the provisions of the Act, the 2007 Bonds which mature on or after November 1, 2017, may be redeemed by the City in whole or in part on May 1, 2017 or any date thereafter;

WHEREAS, the City has determined that the advance refunding of a portion of the outstanding 2007 Bonds will result in a savings of total debt service payable by the City during the period when the 2007 Bonds would have been outstanding. The Council deems it in the best interest of the City to undertake the advance refunding of a portion of the outstanding 2007 Bonds in accordance with the provisions of the Act. The City has determined to refund a portion of the remaining 2007 Bonds as described hereinafter (the "Refunding Plan") through the issuance of its General Obligation Bonds, Series of 2016 (the "2016 Bonds") hereinafter authorized;

WHEREAS, \$117,960,000 aggregate principal amount of the 2007 Bonds is currently outstanding, of which \$2,985,000 principal amount matures on November 1, 2016 and \$114,975,000 aggregate principal amount maturing on or after November 1, 2017 is subject to redemption at the option of the City at the principal amount thereof on May 1, 2017 or any date thereafter. The City has determined to refund \$1,025,000 principal amount of the 2007 Bonds maturing on November 1, 2016, and all of the 2007 Bonds, and the interest thereon, scheduled to mature on and after November 1, 2017 (collectively, the "Refunded Bonds"). \$1,960,000 principal amount of the 2007 Bonds maturing on November 1, 2016 will remain unrefunded;

WHEREAS, interest to become due in respect of the Refunded Bonds subsequent to the date of issuance of the Bonds and through and including May 1, 2017, the date fixed for redemption of the Refunded Bonds (the "Redemption Date") is \$7,913,462.50. \$123,913,462.50 (the "Redemption Requirement") is required and is sufficient to pay on the Redemption Date all interest due on, and the redemption price of, the Refunded Bonds stated to mature on or after such date;

WHEREAS, Fulton Financial Advisors, National Association, now Fulton Bank, N.A., was appointed by the City to act as Paying Agent in respect of the 2007 Bonds. The amount of approximately \$123,080,462.50 will be deposited in an escrow account with Fulton Bank, N.A. as Escrow Agent for the Refunded Bonds (the "Escrow Agent"). The City proposes to cause the Escrow Agent to purchase United States Treasury Obligations or other such appropriate investments as approved by the Council, and hold the remaining \$2,646,362.50 uninvested as cash (the "Investments") with proceeds of the 2016 Bonds, at a cost of approximately \$120,434,100. The Investments, together with interest to be earned on the Investments, will provide debt service on the Refunded Bonds from the date hereof, and the Redemption Requirement on the Redemption Date;

WHEREAS, the total bond discount and other costs related to the issuance and sale of the 2016 Bonds are \$2,493,272.75. In order to provide funds sufficient to meet the Redemption Requirement and to pay the bond discount and other costs related to the issuance and sale of the 2016 Bonds, total funds of \$125,573,735.25 are required;

WHEREAS, the City has determined to issue the 2016 Bonds at this time in the principal amount of \$118,820,000. Proceeds of the 2016 Bonds, together with interest to be earned on the Investments, will be sufficient to meet all principal and interest requirements of the Refunded Bonds from the date of issuance of the 2016 Bonds until and including the Redemption Date, to pay the redemption price of the Refunded Bonds on the Redemption Date, and to pay the costs

related to the issuance and sale of the 2016 Bonds;

WHEREAS, the City has determined that a private sale of the 2016 Bonds by invitation is in the best interest of the City. The City has received a proposal from Morgan Stanley & Co., LLC for the purchase of the 2016 Bonds;

WHEREAS, the 2016 Bonds will be issued pursuant to this Ordinance, and the required escrow amount will be disbursed from proceeds of the 2016 Bonds and deposited with the Escrow Agent and pledged for the payment and redemption of the Refunded Bonds, pursuant to an Escrow Agreement between the City and the Escrow Agent (the "Escrow Agreement"). The remainder of the proceeds will be used to pay the costs of issuing and selling the Bonds;

WHEREAS, the City desires to authorize the issuance and sale of the 2016 Bonds for purposes recited herein and other necessary action; AND

WHEREAS, the proposed increase of debt, together with other indebtedness presently outstanding, will not cause the limitations of the City's debt incurring power, pursuant to constitutional and statutory authority to be exceeded.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED, by the Council of the City of Lancaster, Pennsylvania, as follows:

Section 1. The City of Lancaster shall incur indebtedness, pursuant to the Act, in the total amount of \$118,820,000 for the purpose of providing funds for and toward the costs of the Refunding Plan and the costs and expenses of issuing the 2016 Bonds, including costs of bond insurance. The indebtedness authorized herein shall be evidenced by the 2016 Bonds as more fully described in Section 9 herein.

Section 2. The Council of the City of Lancaster hereby determines and states that:

(a) the description of the Refunding Plan set forth in the recitals hereto is incorporated by reference;

(b) the purpose of refunding the Refunded Bonds is to permit the City to take advantage of lower debt service over the life of the outstanding 2007 Bonds in accordance with the Act;

(c) the proceeds of the 2016 Bonds, together with interest to be earned on the Investments, will be sufficient to pay debt service on and redeem the Refunded Bonds, and to pay the costs and expenses of the redemption and the issuance of the 2016 Bonds; and

(d) the schedules provided to the City by Concord Public Financial Advisors, Inc., its financial advisor (the "Refunding Report"), include the calculations and figures supporting these determinations.

Section 3. In order to evidence the indebtedness authorized by this Ordinance, the

City shall issue, pursuant to the Act and this Ordinance, \$118,820,000 aggregate principal amount of General Obligation Bonds, Series of 2016.

Section 4. It is hereby stated that the Council of the City of Lancaster has discussed the merits of alternative methods of selling the City's 2016 Bonds and has determined that a private sale by invitation is in the best interests of the City.

Section 5. The indebtedness authorized by this Ordinance is nonelectoral debt.

Section 6. The Mayor and/or City Controller of the City of Lancaster, or any one of such officers alone or other proper officers of the City, are authorized and directed to prepare, verify and file the Debt Statement required by Section 8110 of the Act, to execute and deliver the 2016 Bonds in the name of the City, and to take other necessary or appropriate action, including if necessary or desirable any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

Section 7. The 2016 Bonds, when issued, will be General Obligation Bonds and will constitute general obligations of the City.

Section 8. The City hereby covenants with the registered owners of the 2016 Bonds to be outstanding pursuant to this ordinance: (1) that the City will include in its budget for each fiscal year in which such sums are payable, the amounts of the debt service on the 2016 Bonds issued hereunder which will be payable in each such fiscal year so long as any of the 2016 Bonds shall remain outstanding; and (2) that the City shall appropriate such amounts to the payment of such debt service; and (3) that the City shall duly and punctually pay or cause to be paid, from the Sinking Fund or from other funds, the principal of every 2016 Bond and the interest thereon at the dates and places and in the manner stated in the 2016 Bonds, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the City hereby pledges its full faith, credit and taxing power. The covenant contained in this Section 8 shall be specifically enforceable.

Section 9. The 2016 Bonds shall be issued in registered form, substantially as attached hereto as Exhibit "A," with such changes as the Mayor executing the 2016 Bonds shall approve. The execution of the 2016 Bonds by the Mayor shall constitute conclusive evidence of such approval.

Depository Trust Company ("DTC") will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of each series, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. So long as Cede & Co. is the registered owner of the 2016 Bonds, as nominee of DTC, references herein to the Bondholders, Bond owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to

the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. Such DTC Participants and the persons for whom they acquire interests in the Bonds as nominees will not receive a bond certificate, but each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's interest in the Bonds, which will be confirmed in accordance with DTC's standard procedures. Beneficial owners of Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, unless use of the book-entry only system is discontinued as described below.

Transfers of beneficial ownership interests in the Bonds which are registered in the name of Cede & Co., as nominee of DTC, will be accomplished by book entries made by DTC and in turn by the DTC Participants and Indirect Participants who act on behalf of the beneficial owners of Bonds. For every transfer and exchange of beneficial ownership in the Bonds, the beneficial owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the City and the Paying Agent will recognize *only* DTC or its nominee, Cede & Co., as the owner of the Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to beneficial owners of the Bonds, will be governed by arrangements among DTC, DTC Participants, Indirect Participants and beneficial owners, subject to any statutory and regulatory requirements as may be in effect from time to time.

Payments made by the Paying Agent to DTC or its nominee shall satisfy the City's obligations with respect to the Bonds to the extent of the payments so made.

Principal, redemption price and interest payments on the Bonds shall be made by the Paying Agent to DTC or to its nominee, Cede & Co., as registered owner of the Bonds. Disbursement of such payments to the beneficial owners shall be solely the responsibility of DTC, the DTC Participants and, where appropriate, Indirect Participants. Upon receipt of moneys, DTC's current practice is to credit immediately the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to beneficial owners shall be governed by standing instructions of the beneficial owners and customary practices, as is now the case with

municipal securities held for the accounts of customers in bearer form or registered in "street name." Such payments shall be the sole responsibility of such DTC Participant or Indirect Participant and not of DTC, the City or the Paying Agent, subject to any statutory and regulatory requirements as may be in effect from time to time.

The City and the Paying Agent cannot and do not give any assurances that DTC, the DTC Participants or the Indirect Participants will distribute to the beneficial owners of the Bonds (I) payments of principal or redemption price of or interest on the Bonds, (II) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Bonds, or (III) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

Neither the City nor the Paying Agent will have any responsibility or obligation to any DTC Participant, Indirect Participant or beneficial owner or any other person with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any DTC Participant or Indirect Participant; (3) the payment by DTC or any DTC participant or Indirect Participant of any amount due to any beneficial owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by DTC or any DTC Participant or Indirect Participant of any notice to any beneficial owner which is required or permitted under the terms of this Resolution to be given to Bondholders; (5) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (6) any other action taken by DTC as Bondholder.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the City and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In addition, the City may discontinue the book-entry only system for the Bonds at any time if it provides thirty (30) days' notice of such discontinuation to the Paying Agent and DTC that continuation of the book-entry only system is not in the best interests of the City. Upon the giving of such notice, the book-entry only system for the Bonds will be discontinued unless a successor securities depository is appointed by the City.

Section 10. The 2016 Bonds shall be issued in fully registered form, shall be dated as of the date of delivery shall bear interest from such date payable initially on November 1, 2016 and semi- annually thereafter on May 1 and November 1 of each year until maturity or the dates fixed for redemption , at the rates per annum, and shall mature or be subject to mandatory redemption on the dates and years as more fully set forth in the Bond Amortization Schedule attached hereto as Exhibit "B" and made a part hereof.

The principal of and interest on the 2016 Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of Fulton Bank, N.A., Lancaster, Pennsylvania, which is hereby appointed Paying Agent and Registrar for the 2016

Bonds and Sinking Fund Depositary and is hereinafter called the "Paying Agent."

The 2016 Bonds which are stated to mature on or after November 1, 2026 are subject to redemption prior to maturity at the option of the City in whole or in part on May 1, 2026, or any date thereafter, in any order of maturities and within a single maturity by lot, upon payment of a redemption price of 100% of principal amount plus interest accrued to the date fixed for redemption.

\$9,745,000 aggregate principal amount of the 2016 Bonds which mature on November 1, 2041 are subject to mandatory redemption prior to maturity on the dates and in the amounts specified below as selected by lot by the Paying Agent. Any such redemption shall be upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption, on the dates and in the amounts hereinafter provided:

Date (November 1)	Amount
2040	\$4,780,000

The remaining \$4,965,000 of the Bonds stated to mature on November 1, 2041 will be paid at maturity or upon earlier optional redemption.

\$27,985,000 aggregate principal amount of the 2016 Bonds which mature on November 1, 2046 are subject to mandatory redemption prior to maturity on the dates and in the amounts specified below as selected by lot by the Paying Agent. Any such redemption shall be upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption, on the dates and in the amounts hereinafter provided:

Date (November 1)	Amount
2042	\$5,170,000
2043	\$5,370,000
2044	\$5,590,000
2045	\$5,810,000

The remaining \$6,045,000 of the Bonds stated to mature on November 1, 2046 will be paid at maturity or upon earlier optional redemption.

Each such redemption shall be upon at least thirty (30) days, and not more than sixty (60) days, prior written notice by mailing a copy of the official redemption notice by first class mail to the registered owners of the Bonds to be redeemed at their addresses shown on the registration books maintained by the Paying Agent or at such other address as is furnished in writing by such registered owner to the Paying Agent, unless such notice is waived in writing by the registered owners of the Bonds to be called for redemption. Notice of redemption having been given as aforesaid, and funds sufficient for redemption having been deposited with the Paying Agent, the 2016 Bonds so called for redemption shall become due and

payable on the date fixed for redemption and interest thereafter shall cease to accrue thereon, whether such Bonds shall be presented for payment or not.

All official notices of redemption shall be dated and shall state:

the redemption date;

the redemption price;

if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

In addition to the foregoing notice, further notice may be given, if deemed appropriate by the Paying Agent as a notice of refunding or otherwise, but no defect in said further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. The further notice of redemption given hereunder will contain such information as deemed appropriate by the Paying Agent and Bond Counsel, and will be mailed to each presently registered owner of bonds to be redeemed, at their addresses shown on the registration books, and will also be sent to Moody's Investor Services, Inc., Standard and Poors Corporation, and the *Bond Buyer*, or one or more other national information services that disseminate notices of redemption of obligations such as the Bonds.

Upon the payment of the redemption price of the 2016 Bonds being redeemed, each check or other transfer of funds issued for such purpose will bear the CUSIP number identifying, by issue and maturity, the bonds or portions thereof being redeemed with the proceeds of such check or other transfer.

Section 11. The 2016 Bonds are awarded and sold at private sale by invitation to Morgan Stanley & Co., LLC, (the "Purchaser"), with the principal amounts for each maturity as set forth in Exhibit "B" and otherwise, at the price and in accordance with the other terms and conditions contained in the purchase proposal presented to this meeting (the "Purchase Proposal"), which is accepted. A copy of the Purchase Proposal is attached to this Ordinance as Exhibit "C" and will be lodged with the official minutes of this meeting; the terms and conditions of the Purchase Proposal are incorporated herein by reference. The Mayor and/or other proper officers of the City are authorized and directed to endorse the acceptance of the City

on the Purchase Proposal and to deliver an executed copy thereof to the Purchaser.

In addition to the conditions set forth in the purchase proposals referenced above, such awards and sales are conditional upon the following:

- (a) all provisions of this Ordinance becoming effective;
- (b) approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the issuance of the 2016 Bonds; and
- (c) approval of any other governmental agency, the approval of which is determined to be necessary by the City.

Section 12. The City covenants that there shall be and there is hereby established a Sinking Fund (the “Sinking Fund”) for the 2016 Bonds to be held by the Paying Agent (or such substitute or successor Paying Agent, which may hereafter be appointed in accordance with the provisions of the Act) in the name of the City, but subject to withdrawal only by the Paying Agent. The Sinking Fund shall be known as the “Sinking Fund, City of Lancaster, General Obligation Bonds, Series of 2016.”

The Paying Agent is hereby authorized and directed to pay from the Sinking Fund the principal of and interest on the 2016 Bonds as the same becomes due and payable in accordance with the terms thereof and the City hereby covenants that such monies, to the extent required, will be applied to such purpose.

Section 13. The City shall not assume the payment of any tax or taxes in consideration of the purchase of the 2016 Bonds.

Section 14. The City covenants with the holders of the 2016 Bonds that no part of the proceeds of the 2016 Bonds shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause any of the 2016 Bonds to be “arbitrage bonds” as currently defined in Section 148 of the Internal Revenue Code of 1986, as amended and supplemented, (the “Code”) or under any similar statutory provisions, or any currently enacted rule or regulation promulgated thereunder or under former Section 103(c) of the Internal Revenue Code of 1954, with the effect that interest on the 2016 Bonds would no longer be exempt from federal income taxes. The City further covenants that it will comply with the terms of Section 148 of the Code and said rules and regulations throughout the term of the 2016 Bonds and will make no investment inconsistent with the foregoing covenant. The City further covenants that it will promptly and timely comply with the reporting and filing requirements of Section 149(e) of the Code of 1986, and such regulations issued thereunder.

The City covenants with the holders of the 2016 Bonds that it will comply with the arbitrage rebate requirements of Section 148 of the Code of 1986 as such requirements may apply to earnings on the investment of the proceeds of the 2016 Bonds. The City covenants to maintain any proceeds of the 2016 Bonds which may be invested (until such time as they are needed) in investments which readily will permit a determination of earnings on the proceeds.

To the extent that the amount earned on all nonpurpose investments (as defined in Section 148 of the Code) exceeds the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the 2016 Bonds, the City shall pay to the United States the amount of rebate calculated in accordance with Section 148 of the Code.

Section 15. In accordance with the terms of the Purchase Proposal, this City hereby determines to accept the bond insurance commitment offered by the bond insurer for the 2016 Bonds (the “Bond Insurance Commitment”). The Mayor and/or other proper officers of the City are authorized and directed to execute, to attest, to seal and to deliver, as applicable the Bond Insurance Commitment so approved, or in such form as such officers of this City executing the same or the Solicitor to this City may approve, their execution and delivery thereof to constitute conclusive evidence of such approval. A copy of the Bond Insurance Commitment shall be delivered to the City Clerk and is hereby made a part hereof by reference.

Section 16. The 2016 Bonds shall be executed by the Mayor and/or other proper officers of the City, and attested to by the City Clerk of this City and each such execution shall be by manual or facsimile signature. A facsimile of the City seal shall be affixed to 2016 Bonds. The 2016 Bonds shall be authenticated by the manual signature of the Paying Agent, which shall also certify that the approving opinion of Bond Counsel, which shall be affixed to each 2016 Bond, is an accurate reproduction of the approving opinion delivered at the closing for the 2016 Bonds.

Section 17. The City covenants to enter into an Escrow Agreement with Fulton Bank, N.A. as Escrow Agent, to be dated as of the date of closing on the 2016 Bonds providing, among other things, for:

- (a) the delivery to the Escrow Agent of a certification of the amount required to pay the principal of and interest to maturity or date fixed for redemption of the Refunded Bonds;
- (b) the deposit with the Escrow Agent of an amount which will be sufficient to meet such requirements;
- (c) the investment of such amount, as directed by the City; and
- (d) the irrevocable pledge of all amounts held under the Escrow Agreement for the payment of principal and interest on and redemption of the Refunded Bonds, the payment of incidental costs of payment and redemption, and the application of the principal and interest of the Investments to such purposes.

On the date of delivery of the 2016 Bonds, the proper officers of the City are authorized and directed to execute and deliver the Escrow Agreement, in the form approved by such officers with the advice of Bond Counsel, to Fulton Bank, N.A. acting as Escrow Agent. The proper officers of the City are directed to take any action which may be necessary or appropriate to carry out the terms of the Escrow Agreement.

Section 18. The then outstanding Refunded Bonds will be called for redemption by the City on May 1, 2017, at the applicable redemption price of 100% of principal amount, together with accrued interest to the Redemption Date. From and after the Redemption Date, all interest on the Refunded Bonds will cease to accrue. This call is contingent only upon the issuance of the 2016 Bonds and upon receipt of the purchase price thereof from the Purchaser.

The Refunded Bonds so called for redemption will become due and payable on the Redemption Date at Fulton Bank, N.A., Lancaster, Pennsylvania upon presentation and surrender of the Refunded Bonds.

The City directs the Paying Agent for the 2007 Bonds to give notice of redemption of the Refunded Bonds.

Section 19. Upon receipt of the purchase price for the 2016 Bonds, including interest thereon accrued to the date of delivery, if any, the proper officers of the City will pay said amount to the Paying Agent and said amount will be deposited in a settlement account (the "Settlement Account"). From the Settlement Account, the Paying Agent will first make the escrow deposit required under the Escrow Agreement to provide for the payment and redemption of the Refunded Bonds.

Remaining funds in the Settlement Account will be disbursed from time to time by the Paying Agent, pursuant to written instructions from officers of the City, the Mayor or the City Controller, to pay issuance costs in connection with the 2016 Bonds, and any balance ultimately remaining in any such reserve will, upon written instructions of the officers of the City, the Mayor or the City Controller, be deposited in the Sinking Fund for the 2016 Bonds or otherwise applied according to said instructions.

Section 20. Any money in the Sinking Fund and the Settlement Account not required for prompt expenditure, if any, may, at the direction of the City, be invested in bonds or obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America or may be deposited at interest in time accounts or certificates of deposit or other interest bearing accounts of any bank or bank and trust company, savings and loan association or building and loan association. To the extent that such deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act No. 177 approved December 19, 1996, as amended. Any such investments or deposits shall mature or be subject to redemption at the option of the holder, or be subject to withdrawal at the option of the depositor, not later than the date upon

which such money are required to be paid to the registered owners of the Bonds.

Section 21. The City covenants and agrees that, concurrently with the issuance of and payment for the 2016 Bonds, the City will have irrevocably paid to the Escrow Agent proceeds from the 2016 Bonds which, together with interest to be earned thereon, will be sufficient to pay all outstanding principal and interest due and payable on the Refunded Bonds, so that the Refunded Bonds will no longer be outstanding under the terms of the 2007 Bonds and the ordinance of the City under which the 2007 Bonds were issued and under the terms of the Act.

Section 22. The officers of this City are hereby authorized to enter into an Agreement with Fulton Bank, N.A., Lancaster, Pennsylvania, providing for the confirmation and acceptance of the appointments herein made as Paying Agent and Sinking Fund Depository for the 2016 Bonds, for its compensation in such capacities, for the administration of the Sinking Fund and for such other matters as counsel may recommend be included in the Agreement and as the officers may approve by their execution of the Agreement. The officers of this City are further authorized to contract with Fulton Bank, N.A. or one or more other banks or bank and trust companies, to the extent deemed necessary or advisable, for additional services as trustee, fiscal agent, sinking fund depository or paying agent.

Section 23. The remaining estimated useful life of each of the projects which were financed by the 2007 Bonds varies between a useful life of at least forty-one (41) years to not less than one (1) year. An aggregate principal amount of the 2016 Bonds at least equal to the estimated cost of each project funded by the 2007 Bonds matures prior to the end of the useful life of such project.

Section 24. The City hereby appoints Kegel, Kelin, Almy & Lord, LLP, Lancaster, Pennsylvania, as bond counsel for the 2016 Bonds and Concord Public Financial Advisors, Inc., Lancaster, Pennsylvania, as financial advisor for the 2016 Bonds.

Section 25. The City hereby authorizes and approves the preliminary official statement dated February 26, 2016, and consents to and ratifies its distribution and use by the underwriter. The City hereby designates said preliminary official statement as the “nearly final official statement” within the meaning of Security and Exchange Commission Rule 15c2-1 2(b)(1). The Mayor and/or other proper officer of the City are hereby authorized to review, approve and execute a final official statement on behalf of the City.

Section 26. The action of the City Clerk and Bond Counsel in advertising, or causing to be advertised, a summary of this Ordinance, prior to enactment, as required by law, is hereby ratified and confirmed and the City Clerk, other proper officers of the City and/or Bond Counsel are directed to advertise in the *Lancaster Newspapers* within 15 days following the day of final enactment, a notice of the adoption of this Ordinance. The City Clerk is hereby directed to make a copy of this Ordinance available for inspection by any citizen during normal office hours.

Section 27. The City covenants that it will comply with the provisions of Rule 15c2-12 (the “Rule”) promulgated by The Securities and Exchange Commission pursuant to the

Securities Exchange Act of 1934, and provide limited continuing disclosure upon request to any person or provide at least annually to the State Information Depository (if any) certain financial data. Such continuing disclosure will be in conformance with the Rule and will relate to the financial data of the City and to the occurrence of certain material events as contemplated by the Rule. The officers of the City are authorized to enter into a Continuing Disclosure Agreement to set forth the City's obligations under the Rule, and to document the City's agreement to provide the required disclosure under the Rule.

Section 28. The proper officers of the City are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices which may be necessary or appropriate to issue the 2016 Bonds, to authorize the payment of issuance costs from the Settlement Account, to obtain bond insurance for the 2016 Bonds, or otherwise to comply with the provisions of this Ordinance or the Act, in the name and on behalf of the City.

Section 29. This Ordinance is enacted pursuant to, and the 2016 Bonds issued hereunder shall be subject to, the provisions of the Act and all of the mandatory provisions thereof shall apply hereunder whether or not explicitly stated herein.

Section 30. This Ordinance constitutes a contract with the holders or registered owners of the 2016 Bonds from time to time outstanding hereunder and shall be enforceable in accordance with the provisions of the laws of the Commonwealth of Pennsylvania.

Section 31. In case any one or more of the provisions contained in this Ordinance or in any 2016 Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of said Bonds, and this Ordinance or said Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

Section 32. All Ordinances and parts of Ordinances heretofore enacted to the extent that the same are inconsistent herewith are hereby repealed.

Section 33. This Ordinance shall take effect on the earliest date permitted by the Act.

DULY ADOPTED, by the Governing Body of this Local Government Unit, in lawful session duly assembled, this 8th day of March 2016.

CITY OF LANCASTER

By: _____
J. Richard Gray, Mayor

Attest:

Bernard W. Harris, Jr., City Clerk

(CITY SEAL)