

Administration

ORDINANCE NO. 14692

FILE OF THE CITY COUNCIL

BILL NO. 20

Introduced by Administration

March 18, 2009

Amended by Julio Guridy and Peter Schweyer

April 1, 2009

AN ORDINANCE

OF THE COUNCIL OF THE CITY OF ALLENTOWN, LEHIGH COUNTY, PENNSYLVANIA, AUTHORIZING THE ISSUANCE OF A GENERAL OBLIGATION NOTE (THE "NOTE") IN THE PRINCIPAL AGGREGATE AMOUNT OF \$5,310,000; SETTING FORTH THE PURPOSE OF THE ISSUANCE OF THE NOTE, TO FUND CERTAIN CAPITAL PROJECTS OF THE CITY OF ALLENTOWN 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 AND DECLARING THE NOTE TO BE QUALIFIED TAX-EXEMPT OBLIGATIONS; DECLARING THE DEBT EVIDENCED BY THE NOTE TO BE WITHIN THE LIMITATIONS OF THE LOCAL GOVERNMENT UNIT DEBT ACT MAKING CERTAIN FEDERAL TAX COVENANTS AND DECLARING THE NOTE TO BE QUALIFIED TAX-EXEMPT OBLIGATIONS; AUTHORIZING DELIVERY OF THE NOTE; AUTHORIZING INVESTMENT OF THE PROCEEDS OF THE NOTE; PROVIDING FOR INVALID PROVISIONS; PROVIDING FOR INCONSISTENT ORDINANCES; PROVIDING WHEN THE ORDINANCES SHALL BECOME EFFECTIVE.

WHEREAS, the City of Allentown, Lehigh County, 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 this City did previously determine to: (1) open, widen, straighten, alter, extend, construct, reconstruct, grade, re-grade, repave, 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; (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; and (7) purchase, acquire, make and construct other capital improvements and capital equipment for proper municipal purposes (the "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 in excess of \$5,400,000.

WHEREAS, the Council has determined to implement the foregoing decision by the authorization, issuance and sale of its General Obligation Note, Series of 2009 (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 Public Financial Management, Inc., its financial advisor (the "City Council Advisors") to work with the administration's financial advisor, VALCO Capital, Ltd. ("Administration Advisors"), City Council Advisors and Administration Advisors, collectively referred to as the "Financial Advisors", to obtain quotations from banking institutions for the prospective purchase of the Note; and

WHEREAS, the Council has received and reviewed a written proposal, 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 Bank of America (the "Bank"), which it desires, upon the recommendation of the Financial Advisors to accept; and

WHEREAS, the Council desires to award the Note to the Bank at private sale and to accept the Loan Agreement 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 Allentown does authorize and direct the issuance of the General Obligation Note, Series of 2009, pursuant to this Ordinance, in the aggregate principal amount of \$5,310,000, 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 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 principal amount of \$5,310,000 in fully registered form, bearing interest at the rate of 4.13% per annum (interest and principal payable semi-annually) until May 15, 2024, at which time the entire principal amount shall be due and payable to the Bank in full. Debt service payments with respect to the Note shall be as attached hereto as Exhibit A.

(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 and officials 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 its principal trust offices in Philadelphia, 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 ALLENTOWN

Lehigh County, Pennsylvania

General Obligation Note, Series of 2009

CITY OF ALLENTOWN (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 Bank of America, a banking institution registered to do business within the Commonwealth of Pennsylvania with its principal corporate offices in Philadelphia, Pennsylvania (the "Bank"), or its successors or assigns, on or before the 15th day of May, upon surrender hereof, the principal sum of Five Million Three Hundred and Ten Thousand Dollars (\$5,310,000), and to pay interest on said principal sum at the rate of (4.13%) per annum, payable initially on November 15, 2009, and semi-annually on the 15th day of May and the 15th day of November thereafter, in accordance with the attached debt service schedule, either until maturity hereof or, if this Note shall be prepaid, until the date of such prepayment, principal due in full on or before May 15, 2024.

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 a Ordinance of the City duly enacted April 1, 2009 (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.

The Notes maturing on and after May 15, 2018 shall be subject to redemption prior to maturity, at the option of the City, as a whole or in part, on May 15, 2017, or on any date thereafter, as directed by the City, and by lot within a maturity, in neither case upon payment of a redemption price of 101% of the principal amount, plus accrued interest to the date fixed for redemption for any Notes redeemed prior to May 15, 2019. The redemption price shall be 100% of the principal amount, plus accrued interest to the date fixed for redemption for any Notes redeemed on or after May 15, 2019.

Any prepayment in whole or in part shall include accrued interest and all other sums then due under the Note. No partial prepayment shall affect the obligation of the City to make any payment of principal or interest due under this Note on the regularly scheduled payment date until this Note has been paid in full. Any partial prepayment of principal shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

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 or facsimile signatures of the Mayor and the President of the Council of the City, and its seal or a facsimile of its seal to be affixed hereto, attested by the City Clerk, all as of April 1, 2009.

CITY OF ALLENTOWN

BY: _____
Mayor

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:

<u>Name of Registered Owner</u>	<u>Address of Registered Owner</u>	<u>Date of Registration</u>	<u>Paying Agent's Authorized signature</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(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 signatures or facsimile signatures of the Mayor and 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 2009", or the "2009 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 Fund created pursuant to Section 11 of this Ordinance .

Section 13. The Mayor and the Director of Finance, respectively of this City are 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 Director of Finance 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:

(a) 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 Notes, such failure shall constitute a default by the City, and the registered owner of the Notes 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.

(b) 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 2009 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(f)(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.

(c) The City hereby designates the Note as a "Qualified Tax-Exemption Obligation" pursuant to Section 265(b)(3) of the Code, and represents and covenants that the total amount of its obligations so designated and to be designated during the calendar year does not and will not exceed the applicable limits.

Section 18. The City does hereby covenant and agree, for the benefit of the holders of the Note from time to time, that 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 Finance Director 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.

DULY ENACTED this 1st day of April, 2009, by the Council of City of Allentown,
Lehigh County, Pennsylvania, in lawful session duly assembled.



(Vice) President of Council

ATTEST:



City Clerk

[SEAL]

Executed and approved by me this 1st day of April, 2009.



Mayor of City of Allentown
Lehigh County, Pennsylvania

I hereby certify that the foregoing Ordinance was passed by the City Council and signed by his Honor the Mayor on April 1, 2009.



City Clerk

CITY OF ALLENTOWN
LEHIGH COUNTY, PENNSYLVANIA

IN RE:

2009 NOTE FINANCING) BORROWING ORDINANCE
)
) CERTIFICATE OF ENACTMENT

CERTIFICATE

I, the undersigned, City Clerk of the City of Allentown, Lehigh County, Pennsylvania (the "City"), certify that:

The foregoing is a true and correct copy of a 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 1st day of April, 2009; 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:

Michael D'Amore	<u>yes</u>
W. Michael Donovan	<u>Y</u>
Tony Phillips	<u>Y</u>
Jeanette Eichenwald	<u>Y</u>
Julio A. Guridy	<u>Y</u>
David M. Howells, Sr.	<u>Y</u>
Peter G. Schweyer	<u>Y</u>

IN WITNESS WHEREOF, I set my hand and affix the official seal of the City, this 1st day of April, 2009.

Michael P. Harts
City Clerk

(SEAL)

\$5,310,000
CITY OF ALLENTOWN
GENERAL OBLIGATION NOTE, SERIES OF 2009

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/29/2009	-	-	-	-	-
11/15/2009	-	-	119,398.30	119,398.30	-
12/31/2009	-	-	-	-	119,398.30
05/15/2010	261,000.00	4.130%	109,651.50	370,651.50	-
11/15/2010	-	-	104,261.85	104,261.85	-
12/31/2010	-	-	-	-	474,913.35
05/15/2011	272,000.00	4.130%	104,261.85	376,261.85	-
11/15/2011	-	-	98,645.05	98,645.05	-
12/31/2011	-	-	-	-	474,906.90
05/15/2012	283,000.00	4.130%	98,645.05	381,645.05	-
11/15/2012	-	-	92,801.10	92,801.10	-
12/31/2012	-	-	-	-	474,446.15
05/15/2013	295,000.00	4.130%	92,801.10	387,801.10	-
11/15/2013	-	-	86,709.35	86,709.35	-
12/31/2013	-	-	-	-	474,510.45
05/15/2014	308,000.00	4.130%	86,709.35	394,709.35	-
11/15/2014	-	-	80,349.15	80,349.15	-
12/31/2014	-	-	-	-	475,058.50
05/15/2015	321,000.00	4.130%	80,349.15	401,349.15	-
11/15/2015	-	-	73,720.50	73,720.50	-
12/31/2015	-	-	-	-	475,069.65
05/15/2016	334,000.00	4.130%	73,720.50	407,720.50	-
11/15/2016	-	-	66,823.40	66,823.40	-
12/31/2016	-	-	-	-	474,543.90
05/15/2017	349,000.00	4.130%	66,823.40	415,823.40	-
11/15/2017	-	-	59,616.55	59,616.55	-
12/31/2017	-	-	-	-	475,439.95
05/15/2018	363,000.00	4.130%	59,616.55	422,616.55	-
11/15/2018	-	-	52,120.60	52,120.60	-
12/31/2018	-	-	-	-	474,737.15
05/15/2019	379,000.00	4.130%	52,120.60	431,120.60	-
11/15/2019	-	-	44,294.25	44,294.25	-
12/31/2019	-	-	-	-	475,414.85
05/15/2020	394,000.00	4.130%	44,294.25	438,294.25	-
11/15/2020	-	-	36,158.15	36,158.15	-
12/31/2020	-	-	-	-	474,452.40
05/15/2021	411,000.00	4.130%	36,158.15	447,158.15	-

EXHIBIT "A-1"

\$5,310,000
 CITY OF ALLENTOWN
 GENERAL OBLIGATION NOTE, SERIES OF 2009

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/15/2021	-	-	27,671.00	27,671.00	-
12/31/2021	-	-	-	-	474,829.15
05/15/2022	428,000.00	4.130%	27,671.00	455,671.00	-
11/15/2022	-	-	18,832.80	18,832.80	-
12/31/2022	-	-	-	-	474,503.80
05/15/2023	447,000.00	4.130%	18,832.80	465,832.80	-
11/15/2023	-	-	9,602.25	9,602.25	-
12/31/2023	-	-	-	-	475,435.05
05/15/2024	465,000.00	4.130%	9,602.25	474,602.25	-
12/31/2024	-	-	-	-	474,602.25
Total	\$5,310,000.00	-	\$1,932,261.80	\$7,242,261.80	-

EXHIBIT "A-2"



Jennifer E. Cunningham
Senior Vice President
Government Equipment Finance

Banc of America Public Capital Corp
MAS-100-08-11
100 Federal Street, 8th Floor
Boston, MA 02110

Email: jennifer.e.cunningham@bankofamerica.com
Tel: (617) 413-9331
Fax: (704) 264-2485

March 31, 2009

AMENDMENT to Proposal dated March 26, 2009

City of Allentown
Mary Ellen Koval
Purchasing Agent
435 Hamilton Street, Room 234
Allentown, PA 18101-1699

Dear Ms. Koval,

Bank of America, N.A ("BANA") on behalf of Banc of America Public Capital Corporation ("BAPCC"), is pleased to submit to you ("Lessee") an Amendment to the original financing proposal dated, March 26, 2009, based upon our discussion with Mr. Larry Hilliard.

The following items are modified as part of this Amendment:

- Amended Interest rate is 4.13% as represented in the attached amortization schedule prepared by VALCO Capital, Ltd. The 4.13% rate will be held until April 29, 2009 provided that closing occurs on that date and this Proposal is accepted on or before April 3, 2009.
- Call provisions are 5/15/17 at 101% and 5/15/19 at 100%
- The City of Allentown has agreed to maintain compensating balances of \$3MM at Bank of America for no less than eighteen (18) months

This Amendment letter include only a brief description of the principal terms of the Proposed Transaction, and are intended for discussion purposes only. This Proposal Letter is not intended to and does not create any binding legal obligation on the part of either party. THIS PROPOSAL LETTER IS NOT, AND IS NOT TO BE CONSTRUED AS, A COMMITMENT OR OFFER BY BAPCC OR ANY RELATED ENTITY TO ENTER INTO THE PROPOSED TRANSACTION. BANA will not be obligated to provide any financing until the satisfactory completion of its credit, legal and investment approval process. The terms and conditions of this Proposal Letter shall be superseded by and shall no longer be effective upon the execution and delivery of final legal documentation with respect to this Proposed Transaction.

This Proposal must be accepted on or before **April 3, 2009** in order for BANA to proceed with its consideration of the Proposed Transaction. To accept this proposal, please sign the enclosed copy of this letter and return it, by no later than April 3, 2009 to:

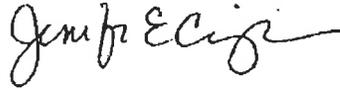
Banc of America Public Capital Corp
100 Federal Street, 8th Floor
Boston, MA 02110
617-413-9331

City of Allentown, Pennsylvania
Page 2

We appreciate this opportunity to present Bank of America.

Very truly yours,

BANC OF AMERICA PUBLIC CAPITAL CORP



Jennifer E. Cunningham
Senior Vice President

The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lessor, its successors and assigns, any information relating to the business or financial condition of Lessee or its affiliates, and authorizes Lessor, Bank of America N.A. and their affiliates to disclose to, discuss with and distribute such information (and any information they may already have) to any other affiliates or proposed assignees or successors of Lessor.

By: Lawrence J. Hilliard

Title: Finance Director

Date: April 1, 2009

Please provide Federal ID No.: 23-6003116

Insurance Information:
Carrier: _____
Contact: _____
Telephone No. _____

CITY OF ALLENTOWN

2009

Callable 5/15/17 @ 101%, 5/15/19 @ 100%

ammended rate 4.13%

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/29/2009	-	-	-	-	-
11/15/2009	-	-	119,398.30	119,398.30	-
12/31/2009	-	-	-	-	119,398.30
05/15/2010	261,000.00	4.130%	109,651.50	370,651.50	-
11/15/2010	-	-	104,261.85	104,261.85	-
12/31/2010	-	-	-	-	474,913.35
05/15/2011	272,000.00	4.130%	104,261.85	376,261.85	-
11/15/2011	-	-	98,645.05	98,645.05	-
12/31/2011	-	-	-	-	474,906.90
05/15/2012	283,000.00	4.130%	98,645.05	381,645.05	-
11/15/2012	-	-	92,801.10	92,801.10	-
12/31/2012	-	-	-	-	474,446.15
05/15/2013	295,000.00	4.130%	92,801.10	387,801.10	-
11/15/2013	-	-	86,709.35	86,709.35	-
12/31/2013	-	-	-	-	474,510.45
05/15/2014	308,000.00	4.130%	86,709.35	394,709.35	-
11/15/2014	-	-	80,349.15	80,349.15	-
12/31/2014	-	-	-	-	475,058.50
05/15/2015	321,000.00	4.130%	80,349.15	401,349.15	-
11/15/2015	-	-	73,720.50	73,720.50	-
12/31/2015	-	-	-	-	475,069.65
05/15/2016	334,000.00	4.130%	73,720.50	407,720.50	-
11/15/2016	-	-	66,823.40	66,823.40	-
12/31/2016	-	-	-	-	474,543.90
05/15/2017	349,000.00	4.130%	66,823.40	415,823.40	-
11/15/2017	-	-	59,616.55	59,616.55	-
12/31/2017	-	-	-	-	475,439.95
05/15/2018	363,000.00	4.130%	59,616.55	422,616.55	-
11/15/2018	-	-	52,120.60	52,120.60	-
12/31/2018	-	-	-	-	474,737.15
05/15/2019	379,000.00	4.130%	52,120.60	431,120.60	-
11/15/2019	-	-	44,294.25	44,294.25	-
12/31/2019	-	-	-	-	475,414.85
05/15/2020	394,000.00	4.130%	44,294.25	438,294.25	-
11/15/2020	-	-	36,158.15	36,158.15	-
12/31/2020	-	-	-	-	474,452.40
05/15/2021	411,000.00	4.130%	36,158.15	447,158.15	-

CITY OF ALLENTOWN

2009

Callable 5/15/17 @ 101%, 5/15/19 @ 100%

amended rate 4.13%

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/15/2021	-	-	27,671.00	27,671.00	-
12/31/2021	-	-	-	-	474,829.15
05/15/2022	428,000.00	4.130%	27,671.00	455,671.00	-
11/15/2022	-	-	18,832.80	18,832.80	-
12/31/2022	-	-	-	-	474,503.80
05/15/2023	447,000.00	4.130%	18,832.80	465,832.80	-
11/15/2023	-	-	9,602.25	9,602.25	-
12/31/2023	-	-	-	-	475,435.05
05/15/2024	465,000.00	4.130%	9,602.25	474,602.25	-
12/31/2024	-	-	-	-	474,602.25
Total	\$5,310,000.00	-	\$1,932,261.80	\$7,242,261.80	-

Yield Statistics

Bond Year Dollars	\$46,786.00
Average Life	8.811 Years
Average Coupon	4.1300000%
Net Interest Cost (NIC)	4.1300000%
True Interest Cost (TIC)	4.1297159%
Bond Yield for Arbitrage Purposes	4.1297159%
All Inclusive Cost (AIC)	4.2910445%

IRS Form 8038

Net Interest Cost	4.1300000%
Weighted Average Maturity	8.811 Years

\$36,865,000
 CITY OF ALLENTOWN
 FEDERALLY TAXABLE GENERAL OBLIGATION PENSION REFUNDING BONDS
 SERIES OF 2004
 BOND DEBT SERVICE

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2004					
12/31/2004	880,000	1.310%	869,043.75	1,749,043.75	1,749,043.75
06/30/2005			863,279.75	863,279.75	
12/31/2005	650,000	1.740%	863,279.75	1,513,279.75	2,376,559.50
06/30/2006			857,624.75	857,624.75	
12/31/2006	660,000	2.230%	857,624.75	1,517,624.75	2,375,249.50
06/30/2007			850,265.75	850,265.75	
12/31/2007	675,000	2.730%	850,265.75	1,525,265.75	2,375,531.50
06/30/2008			841,052.00	841,052.00	
12/31/2008	695,000	3.180%	841,052.00	1,536,052.00	2,377,104.00
06/30/2009			830,001.50	830,001.50	
12/31/2009	715,000	3.410%	830,001.50	1,545,001.50	2,375,003.00
06/30/2010			817,810.75	817,810.75	
12/31/2010	740,000	3.740%	817,810.75	1,557,810.75	2,375,621.50
06/30/2011			803,972.75	803,972.75	
12/31/2011	770,000	3.980%	803,972.75	1,573,972.75	2,377,945.50
06/30/2012			788,649.75	788,649.75	
12/31/2012	800,000	4.210%	788,649.75	1,588,649.75	2,377,299.50
06/30/2013			771,809.75	771,809.75	
12/31/2013	835,000	4.380%	771,809.75	1,606,809.75	2,378,619.50
06/30/2014			753,523.25	753,523.25	
12/31/2014	870,000	4.440%	753,523.25	1,623,523.25	2,377,046.50
06/30/2015			734,209.25	734,209.25	
12/31/2015	790,000	4.600%	734,209.25	1,524,209.25	2,258,418.50
06/30/2016			716,039.25	716,039.25	
12/31/2016	840,000	4.600%	716,039.25	1,556,039.25	2,272,078.50
06/30/2017			696,719.25	696,719.25	
12/31/2017	890,000	4.870%	696,719.25	1,586,719.25	2,283,438.50
06/30/2018			675,047.75	675,047.75	
12/31/2018	945,000	4.870%	675,047.75	1,620,047.75	2,295,095.50
06/30/2019			652,037.00	652,037.00	
12/31/2019	1,000,000	4.870%	652,037.00	1,652,037.00	2,304,074.00
06/30/2020			627,687.00	627,687.00	
12/31/2020	1,060,000	4.870%	627,687.00	1,687,687.00	2,315,374.00
06/30/2021			601,876.00	601,876.00	
12/31/2021	1,125,000	5.160%	601,876.00	1,726,876.00	2,328,752.00
06/30/2022			572,851.00	572,851.00	
12/31/2022	1,190,000	5.160%	572,851.00	1,762,851.00	2,335,702.00
06/30/2023			542,149.00	542,149.00	
12/31/2023	1,265,000	5.160%	542,149.00	1,807,149.00	2,349,298.00
06/30/2024			509,512.00	509,512.00	
12/31/2024	1,340,000	5.310%	509,512.00	1,849,512.00	2,359,024.00
06/30/2025			473,935.00	473,935.00	
12/31/2025	1,420,000	5.200%	473,935.00	1,893,935.00	2,367,870.00
06/30/2026			437,015.00	437,015.00	
12/31/2026	1,500,000	5.200%	437,015.00	1,937,015.00	2,374,030.00
06/30/2027			398,015.00	398,015.00	
12/31/2027	1,580,000	5.200%	398,015.00	1,978,015.00	2,376,030.00
06/30/2028			356,935.00	356,935.00	
12/31/2028	1,660,000	5.200%	356,935.00	2,016,935.00	2,373,870.00
06/30/2029			313,775.00	313,775.00	
12/31/2029	1,750,000	5.200%	313,775.00	2,063,775.00	2,377,550.00
06/30/2030			268,275.00	268,275.00	
12/31/2030	1,840,000	5.250%	268,275.00	2,108,275.00	2,376,550.00
06/30/2031			219,975.00	219,975.00	

SCHEDULE "A"

\$36,865,000
CITY OF ALLENTOWN
FEDERALLY TAXABLE GENERAL OBLIGATION PENSION REFUNDING BONDS
SERIES OF 2004
BOND DEBT SERVICE

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/31/2031	1,935,000	5.250%	219,975.00	2,154,975.00	2,374,950.00
06/30/2032			169,181.25	169,181.25	
12/31/2032	2,040,000	5.250%	169,181.25	2,209,181.25	2,378,362.50
06/30/2033			115,631.25	115,631.25	
12/31/2033	2,145,000	5.250%	115,631.25	2,260,631.25	2,376,262.50
06/30/2034			59,325.00	59,325.00	
12/31/2034	2,260,000	5.250%	59,325.00	2,319,325.00	2,378,650.00
	36,865,000		35,505,403.75	72,370,403.75	72,370,403.75

CITY OF ALLENTOWN

FEDERALLY TAXABLE PENSION BONDS G.O.B. 15495

SERIES OF 2004 \$36,865,000

PURPOSE ADV. 1996 TAXABLE PENSION / CALLABLE 10/1/14 @ PAR

Bond Balance Report

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
10/01/2004	880,000.00	1.310%	831,963.75	1,711,963.75	34,005,000.00
04/01/2005	-	-	826,199.75	826,199.75	34,005,000.00
10/01/2005	650,000.00	1.740%	826,199.75	1,476,199.75	33,355,000.00
04/01/2006	-	-	820,544.75	820,544.75	33,355,000.00
10/01/2006	660,000.00	2.230%	820,544.75	1,480,544.75	32,695,000.00
04/01/2007	-	-	813,185.75	813,185.75	32,695,000.00
10/01/2007	675,000.00	2.730%	813,185.75	1,488,185.75	32,020,000.00
04/01/2008	-	-	803,972.00	803,972.00	32,020,000.00
10/01/2008	695,000.00	3.180%	803,972.00	1,498,972.00	31,325,000.00
04/01/2009	-	-	792,921.50	792,921.50	31,325,000.00
10/01/2009	-	-	792,921.50	792,921.50	31,325,000.00
04/01/2010	-	-	792,921.50	792,921.50	31,325,000.00
10/01/2010	-	-	792,921.50	792,921.50	31,325,000.00
04/01/2011	-	-	792,921.50	792,921.50	31,325,000.00
10/01/2011	770,000.00	3.980%	792,921.50	1,562,921.50	30,555,000.00
04/01/2012	-	-	777,598.50	777,598.50	30,555,000.00
10/01/2012	275,000.00	4.210%	777,598.50	1,052,598.50	30,280,000.00
04/01/2013	-	-	771,809.75	771,809.75	30,280,000.00
10/01/2013	835,000.00	4.380%	771,809.75	1,606,809.75	29,445,000.00
04/01/2014	-	-	753,523.25	753,523.25	29,445,000.00
10/01/2014	870,000.00	4.440%	753,523.25	1,623,523.25	28,575,000.00
04/01/2015	-	-	734,209.25	734,209.25	28,575,000.00
10/01/2015	790,000.00	4.600%	734,209.25	1,524,209.25	27,785,000.00
04/01/2016	-	-	716,039.25	716,039.25	27,785,000.00
10/01/2016	840,000.00	4.600%	716,039.25	1,556,039.25	26,945,000.00
04/01/2017	-	-	696,719.25	696,719.25	26,945,000.00
10/01/2017	890,000.00	4.870%	696,719.25	1,586,719.25	26,055,000.00
04/01/2018	-	-	675,047.75	675,047.75	26,055,000.00
10/01/2018	945,000.00	4.870%	675,047.75	1,620,047.75	25,110,000.00
04/01/2019	-	-	652,037.00	652,037.00	25,110,000.00
10/01/2019	1,000,000.00	4.870%	652,037.00	1,652,037.00	24,110,000.00
04/01/2020	-	-	627,687.00	627,687.00	24,110,000.00
10/01/2020	1,060,000.00	4.870%	627,687.00	1,687,687.00	23,050,000.00
04/01/2021	-	-	601,876.00	601,876.00	23,050,000.00
10/01/2021	1,125,000.00	5.160%	601,876.00	1,726,876.00	21,925,000.00
04/01/2022	-	-	572,851.00	572,851.00	21,925,000.00
10/01/2022	1,190,000.00	5.160%	572,851.00	1,762,851.00	20,735,000.00

CITY OF ALLENTOWN

FEDERALLY TAXABLE PENSION BONDS G.O.B. 15495

SERIES OF 2004 \$36,865,000

PURPOSE ADV. 1996 TAXABLE PENSION / CALLABLE 10/1/14 @ PAR

Bond Balance Report

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Bond Balance
04/01/2023	-	-	542,149.00	542,149.00	20,735,000.00
10/01/2023	1,265,000.00	5.160%	542,149.00	1,807,149.00	19,470,000.00
04/01/2024	-	-	509,512.00	509,512.00	19,470,000.00
10/01/2024	1,340,000.00	5.310%	509,512.00	1,849,512.00	18,130,000.00
04/01/2025	-	-	473,935.00	473,935.00	18,130,000.00
10/01/2025	1,420,000.00	5.200%	473,935.00	1,893,935.00	16,710,000.00
04/01/2026	-	-	437,015.00	437,015.00	16,710,000.00
10/01/2026	1,500,000.00	5.200%	437,015.00	1,937,015.00	15,210,000.00
04/01/2027	-	-	398,015.00	398,015.00	15,210,000.00
10/01/2027	1,580,000.00	5.200%	398,015.00	1,978,015.00	13,630,000.00
04/01/2028	-	-	356,935.00	356,935.00	13,630,000.00
10/01/2028	1,660,000.00	5.200%	356,935.00	2,016,935.00	11,970,000.00
04/01/2029	-	-	313,775.00	313,775.00	11,970,000.00
10/01/2029	1,750,000.00	5.200%	313,775.00	2,063,775.00	10,220,000.00
04/01/2030	-	-	268,275.00	268,275.00	10,220,000.00
10/01/2030	1,840,000.00	5.250%	268,275.00	2,108,275.00	8,380,000.00
04/01/2031	-	-	219,975.00	219,975.00	8,380,000.00
10/01/2031	1,935,000.00	5.250%	219,975.00	2,154,975.00	6,445,000.00
04/01/2032	-	-	169,181.25	169,181.25	6,445,000.00
10/01/2032	2,040,000.00	5.250%	169,181.25	2,209,181.25	4,405,000.00
04/01/2033	-	-	115,631.25	115,631.25	4,405,000.00
10/01/2033	2,145,000.00	5.250%	115,631.25	2,260,631.25	2,260,000.00
04/01/2034	-	-	59,325.00	59,325.00	2,260,000.00
10/01/2034	2,260,000.00	5.250%	59,325.00	2,319,325.00	-
Total	\$34,885,000.00	-	\$35,003,540.25	\$69,888,540.25	-

NOTE PURCHASE CONTRACT

CITY OF ALLENTOWN
REQUEST FOR PROPOSALS
2009 - 14

TAX-EXEMPT LOAN

RESPOND NO LATER THAN:

Friday, March 27, 2009, at 4:00 pm

PROCEDURAL INQUIRIES

Mary Ellen Koval
Purchasing Agent
City of Allentown
435 Hamilton Street
Allentown, PA 18101 -1699
Phone: 610-437-7624
Fax: 610-437-7618
E-mail: koval@allentowncity.org

TECHNICAL INQUIRIES

Gary A. Pulcini
VALCO Capital, Ltd.
147 Hermitage Circle
Ligonier, PA 15658
Phone: 724-238-7900
Fax: 724-995-8133
E-mail: gpulcini@valcocapital.com

**RFP NO. 2009-14
TAX-EXEMPT LOAN**

I. GENERAL INFORMATION

A. PURPOSE

1. The City of Allentown is seeking proposals from financial institutions in connection with a Fixed Rate Tax-Exempt Loan, Series of 2009.

B. PROPOSAL SUBMISSION

1. The sealed proposals must be submitted not later than Friday, March 27, 2009 at 4:00 pm. to:

City of Allentown
Mary Ellen Koval
Purchasing Agent
435 Hamilton Street, Room 234
Allentown, PA 18101-1699

2. Four (4) copies of the proposals shall be in a sealed envelope and must be marked prominently on the outside "RFP 2009-14, TAX-EXEMPT LOAN.
3. Proposals must be mailed or hand delivered. No faxed or e-mailed proposals will be accepted.
4. Proposals will be handled confidentially by the City during the pre-award process.
5. The selected proposal shall be binding until settlement currently estimated to be April 29, 2009.
6. The City of Allentown will not be responsible for any expenses incurred by an offeror in connection with this procurement.
7. If necessary, interviews will be scheduled by the Evaluation Committee with one or more of the proposers.
8. A cover letter shall be signed by individual(s) who is/are authorized to bind offeror(s) contractually. The signature(s) must indicate the classification or position that the individual(s) hold in the firm. The cover letter shall designate a person or persons who may be contacted during the period of evaluation with questions or contract issues. Include name(s), title, address, telephone number, fax number and email address.

C. QUESTIONS

Any questions regarding this RFP should be directed via email to Gary A. Pulcini, VALCO Capital Ltd. at gpulcini@valcocapital.com with a copy to Mary Ellen Koval, Purchasing Agent, City of Allentown at koval@allentowncity.org by 4:00 pm on March 20, 2009. Inquiries received after 4:00 pm on March 20, 2009 will not receive responses.

**RFP NO. 2009-14
TAX-EXEMPT LOAN**

Responses to questions will be issued in the form of an Addendum by March 23, 2009.

II. GENERAL CONDITIONS

- A. No verbal instructions or verbal information to proposers will be binding on the City. The written specifications will be considered clear and complete unless written attention is called to any apparent discrepancies or incompleteness before the opening of the proposals. Any alterations to the specifications will be made in the form of written addenda, which will be emailed and/or faxed to all proposers. These addenda shall then be considered to be part of these specifications.
- B. Submission of a proposal will be considered as conclusive evidence of the proposer's complete examination and understanding of the specifications.
- C. The City reserves the right to reject any or all proposals submitted and to request additional information from any Proposer and the right to waive minor irregularities in the procedures or proposals if it is deemed in the best interests of the City of Allentown. The City may elect, at its sole and absolute discretion, to award a Contract based on the initial proposals, or, to open negotiations, either written or oral, with one or more proposers to address performance, technical, pricing, delivery, or other provisions. If negotiations are opened, the City may elect, at its sole and absolute discretion, to conclude negotiations at any time if it is determined to be in its best interest, or they will be closed upon settlement of all questions and clarifications. A proposer may then be requested to provide a best and final offer with new pricing based on the negotiations. Proposals may be rejected and negotiations terminated based on the negotiations. Contract award will be based on the offers submitted, as well as any and all negotiations conducted. The City further reserves the right to reject all proposals and seek new proposals when such procedure is considered to be in the best interest of the City.
- D. The award will be made to that responsive and responsible proposer whose proposal, conforming to specifications; will be most advantageous to the City, price and other factors considered, such as delivery time, quality, service, etc. The award may or may not be made to the firm with the lowest cost.
- E. The City shall have the right, without invalidating the contract, to make additions to or deductions from the items or work covered by the specifications. In case such deductions or additions are made, an equitable price adjustment shall be made between the City and the Proposer. Any such adjustments in price shall be made in writing.
- F. Proposer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, gender identity, sexual orientation, veteran's status, political opinions or affiliations, lawful activity in any employee organization, national origin, age, disability or marital status. Proposer will take affirmative action to ensure that applicants and employees are treated fairly during employment without regard to race, color, religion, sex, gender identity, sexual orientation, veteran's status, political opinions or affiliations, lawful activity in any employee organization, national origin, age, disability or marital status. Such action shall include, but not be limited to the

RFP NO. 2009-14
TAX-EXEMPT LOAN

following: employment, upgrading, demotion, or transfer, recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

G. PROPOSER COMPLIANCE

Each proposer is required to be in compliance with the City of Allentown local tax requirements. Accordingly, each proposer shall register for and obtain a business tax license, if awarded this contract. Forms are available at the office of the Department of Finance, Bureau of Tax and Utility Systems, Room 215, City Hall, 435 Hamilton Street, Allentown, PA 18101.

H. CONTRACT TERMINATION

A contract may be canceled by the City by giving the proposer written notice of intent to cancel.

I. INDEMNIFICATION

The Proposer shall indemnify and hold harmless the City, its employees, agents, officials, representatives, attorneys, and assigns from any and all liability, arising out of all activities conducted by the proposer in connection with this contract and/or the proposer's performance hereof, including but not limited to payment of all fees for its/their attorneys and all incidental litigation expenses in the event the City or any of its employees, agents, officials, representatives, attorneys, and assigns are sued upon a claim emanating from the proposer's performance thereof.

J. TRANSFERS AND ASSIGNMENTS

Proposer shall not, without written consent of the City, assign, hypothecate, or mortgage this agreement. Any attempted assignment, hypothecation, or mortgage without the consent of the City shall render this agreement null and void.

Neither this agreement nor any interest therein shall be transferable in proceedings in attachment or execution against Proposer or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Proposer, or by any process of law including proceedings under Chapter X and XI of the Bankruptcy Act.

Shareholders and/or partners of Proposer may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is affected in such a way as to give majority control of Proposer to any persons, corporation, partnership or legal entity other than the majority controlling interest therein at the time of execution of this agreement, approval thereof shall be required. Consent to any such transfer shall only be refused if the City finds that the Transferee is lacking in experience and/or financial ability to render and provide services

**RFP NO. 2009-14
TAX-EXEMPT LOAN**

III. PROPOSAL DETAILS

A. INTRODUCTION

The City of Allentown, Pennsylvania ("the City") is contemplating borrowing approximately \$5,310,000 to cover the cost of completing certain projects contained in its Capital Plan. Security for the Loan will be the City's pledge of its full faith, credit and taxing power as it is authorized to do pursuant to the Pennsylvania Local Government Unit Debt Act, including its statutory power to levy *ad valorem* taxes without limit as to rate or amount on all taxable real property located within the City.

The City's pertinent current and historical financial information (2009 Budget; 2008 Budget; and previous years' audited financials) can be found on the City's website: www.allentownpa.gov then click on Government. Under Information Resources you can access the 2003 through 2008 CAFR's by clicking on Comprehensive Annual Financial Report. To access the 2008 and 2009 Budgets click on FY2008 Budget.

It is the City's intent to close on this borrowing on Wednesday, April 29, 2009.

The term of this borrowing will be 15 years. The Loan shall be pre-payable at the option of the City at anytime. Proposals that include pre-payment penalties and/or make-whole provisions may be cause for rejection.

The City Solicitor, Bond Counsel (King, Spry, Herman, Freund & Faul LLC), Financial Consultant, advertising, and DCED fees will be paid by the City from loan proceeds and have been sized into the borrowing amount. The City will not be responsible for any additional fees.

At the time the Loan is issued, the purchaser will receive an approving legal opinion of King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, Bond Counsel.

The City's Bond Counsel King, Spry, Herman, Freund & Faul LLC will prepare all documentation.

B. PROPOSAL ACCEPTANCE CRITERIA

The following criteria will be used to evaluate all proposals:

1. Interest Rate
2. Terms and Conditions of the Loan
3. Covenants Required by the Proposer
4. Fees

**RFP NO. 2009-14
TAX-EXEMPT LOAN**

**REQUEST FOR PROPOSALS
Summary
City of Allentown**

The City of Allentown (the "City") is seeking proposals from selected banking institutions in connection with a Fixed Rate Tax-Exempt Loan (the "Loan").

Details are as follows:

Principal Amount:	\$5,310,000
Denominations:	\$1,000.00
Bond Counsel:	King, Spry, Herman, Freund & Faul, LLC
Purpose:	Public Works, Capital Equipment
Source of Payment:	Full Faith, credit and taxing power (ad valorem taxes, without limit)
Term:	15 years – final maturity May 15, 2024
Principal:	Payable annually every May 15, commencing May 15, 2010
Interest:	Payable semiannually every May 15 and Nov 15, commencing November 15, 2009
Daycount Method:	30/360, exceptions should be clearly noted and amortization schedule attached.
Structure:	15 year Level Debt semi annual interest, annual principal
Prepayment:	Prepayable at the option of the City at any time. Proposals with prepayment penalties or make whole provisions may be cause for rejection.
Bank Eligibility:	Bank Qualified
Settlement/Dated Date:	On or about April 29, 2009
Final Amortization:	Shall be adjusted to reflect the actual rate quoted and therefore final principal amounts in each year are subject to change.
Other:	The City desires a fixed rate proposal, if an adjustable proposal is submitted, such proposal shall have a maximum not to exceed rate as required by the Pennsylvania Local unit Debt Act.

The City will pay the fees and costs of the City's Bond Counsel, Solicitor, Financial Consultant, Advertising and DCED fees. **ALL OTHER FEES OR EXPENSES INCLUDING LENDERS COUNSEL SHALL BE THE RESPONSIBILITY OF THE PROPOSER.**

Proof of Publication Notice in The Morning Call

Under Act No. 587, Approved May 16, 1929, and its amendments

STATE OF PENNSYLVANIA }
 COUNTY OF LEHIGH } ss:

COPY NOTICE

Notice is given that the City Council of the City of Allentown, Lehigh County, Pennsylvania, at a meeting duly called pursuant to public notice and held at 7:30 p.m., April 1, 2009, prevailing time, in the Council Chambers, 1st Floor, City Hall, 435 Hamilton Street, Allentown, Pennsylvania, finally enacted an Ordinance previously advertised on March 27, 2009 with modification and amendments as hereinafter set forth, the effect and purpose of which Ordinance is as follows:

AN ORDINANCE
OF THE COUNCIL OF THE CITY OF ALLENTOWN, LEHIGH COUNTY, PENNSYLVANIA, AUTHORIZING THE ISSUANCE OF A GENERAL OBLIGATION NOTE (THE "NOTE") IN THE PRINCIPAL AGGREGATE AMOUNT OF \$5,310,000; SETTING FORTH THE PURPOSE OF THE ISSUANCE OF THE NOTE, TO FUND CERTAIN CAPITAL PROJECTS OF THE CITY OF ALLENTOWN 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 AND DECLARING THE NOTE TO BE QUALIFIED TAX-EXEMPT OBLIGATIONS; DECLARING THE DEBT EVIDENCED BY THE NOTE TO BE WITHIN THE LIMITATIONS OF THE LOCAL GOVERNMENT UNIT DEBT ACT MAKING CERTAIN FEDERAL TAX COVENANTS AND DECLARING THE NOTE TO BE QUALIFIED TAX-EXEMPT OBLIGATIONS; AUTHORIZING DELIVERY OF THE NOTE; AUTHORIZING INVESTMENT OF THE PROCEEDS OF THE NOTE; PROVIDING FOR INVALID PROVISIONS; PROVIDING FOR INCONSISTENT ORDINANCES; PROVIDING WHEN THE ORDINANCES SHALL BECOME EFFECTIVE.

1. A copy of the full text of the Ordinance may be examined or inspected by any citizen in the Office of the City Clerk of the City of Allentown, such office being located on the 5th floor of City Hall, 435 Hamilton Street, Allentown, Pennsylvania, on any regular business day between the hours of 8:00 a.m. and 4:00 p.m. prevailing time.
 2. The aggregate principal amount of the Note was established as \$5,310,000, the Note amortization schedule was attached and the Note call provisions were inserted.
 3. The 2009 Note will bear interest at the rate of 4.13% payable semi-annually, the first interest payment due November 15, 2009 and the first principal payment due on May 15, 2010. The full principal amount of the Note will be due at maturity on May 15, 2024.
 4. The Note will be sold at par to Bank of America pursuant to its written proposal accepted by the Ordinance.
- This notice is given in accordance with the requirements of and in compliance with Section 8003 of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82.

Sharon A Repsher, Billing & Collections Manager of THE MORNING CALL, INC., of the County and State aforesaid, being duly sworn, deposes and says that THE MORNING CALL is a newspaper of general circulation as defined by the aforesaid Act, whose place of business is 101 North Sixth Street, City of Allentown, County and State aforesaid, and that the said newspaper was established in 1888 since which date THE MORNING CALL has been regularly issued in said County, and that the printed notice or advertisement attached hereto is exactly the same as was printed and published in regular editions and issues of the said THE MORNING CALL on the following dates, viz.:

and the 3RD day of APRIL A.D. 20 09

Affiant further deposes that he is the designated agent duly authorized by THE MORNING CALL, INC., a corporation, publisher of said THE MORNING CALL, a newspaper of general circulation, to verify the foregoing statement under oath, and the affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statements as to time, place and character of publication are true.

Sharon A Repsher
 Designated Agent, THE MORNING CALL, INC.

SWORN to and subscribed before me this 3rd day of

APRIL 20 09
[Signature]
 Notary Public

COMMONWEALTH OF PENNSYLVANIA
 Notarial Seal
 Gayle M. Jenkins, Notary Public
 City of Allentown, Lehigh County
 My Commission Expires Jan. 29, 2013
 Member, Pennsylvania Association of Notaries

My Commission Expires:

READER'S RECEIPT FOR ADVERTISING COSTS

THE MORNING CALL, INC., a Corporation,
 Publishers of THE MORNING CALL
 A Newspaper of General Circulation

By _____, I, _____, hereby acknowledges receipt of the same have been duly paid.

By _____

Record #

Proof of Publication Notice in The Morning Call

Under Act No. 587, Approved May 16, 1929, and its amendments

STATE OF PENNSYLVANIA }
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 Notarial Seal
 Gayle M. Jarkins, Notary Public
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 My Commission Expires Jan. 28, 2013
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READER'S RECEIPT FOR ADVERTISING COSTS

THE MORNING CALL, a newspaper of general circulation, hereby acknowledges receipt of the amount of \$_____ and that the same have been duly paid.

THE MORNING CALL, INC. a Corporation,
 Publishers of THE MORNING CALL
 A Newspaper of General Circulation

By _____

THE MOI
 aforesaid not

Record #