

**WARREN COUNTY SCHOOL DISTRICT
WARREN COUNTY, PENNSYLVANIA**

**RESOLUTION OF THE BOARD OF SCHOOL DIRECTORS
OF THE WARREN COUNTY SCHOOL DISTRICT
AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION
NOTE, SERIES OF 2012, IN THE PRINCIPAL AMOUNT OF \$6,000,000;
ESTABLISHING THE TERMS, CONDITIONS AND FORM OF SUCH NOTE;
ACCEPTING A PROPOSAL TO PURCHASE THE NOTE; PROVIDING
SECURITY FOR THE NOTE; AUTHORIZING CERTAIN OFFICERS AND
EMPLOYEES TO EXECUTE AND DELIVER THE NOTE AND TO PREPARE
AND FILE CERTAIN CERTIFICATES AND OTHER PROCEEDINGS; MAKING
CERTAIN COVENANTS WITH REGARD TO THE INTERNAL REVENUE CODE
OF 1986; AND AUTHORIZING OTHER NECESSARY ACTION.**

WHEREAS, the Warren County School District, of Warren County, Pennsylvania, (hereinafter called the "District"), anticipates current revenues as yet uncollected; and

WHEREAS, the District has inadequate funds for current expenditures; and

WHEREAS, the District has determined that it is necessary to borrow for the purpose of meeting current expenses by issuing a Note to be repaid from said anticipated revenues; and

WHEREAS, Northwest Savings Bank (hereinafter sometimes referred to as the "Lender") has submitted to the District a proposal to purchase a Tax and Revenue Anticipation Note of the District, and the District desires by the adoption of this Resolution to accept such proposal and authorize the issuance and sale of its Tax and Revenue Anticipation Note .

NOW THEREFORE, BE IT RESOLVED by the Board of School Directors of the Warren County School District that:

- (1) The District hereby authorizes the issuance of a Tax and Revenue Anticipation Note in the amount of \$6,000,000 in anticipation of the receipt of current taxes and revenues to be sold at private sale. Said amount does not exceed 85% of the taxes levied and the revenues pledged by the District during the time period that the Note will be outstanding - see Exhibit D attached hereto).
- (2) The Note shall be in the denomination of \$6,000,000, shall be redeemable at any time at the option of the officers of the District without penalty or premium, shall be fully registered without coupons, shall be dated July 2, 2012, shall bear interest at the rate of 1.65 percent per annum, shall mature on December 31, 2012, shall be payable at the

office of Northwest Savings Bank (100 Liberty Street, Warren, PA 16365), and shall be substantially in the form attached to this Resolution as Exhibit A, which is hereby made a part of the Resolution.

(3) In compliance with Section 8161 of the Act, the Board of School Directors has determined that a private sale by negotiation rather than public sale is in the best financial interest of the District. Therefore, the proposal of Northwest Savings Bank to purchase the Note is hereby accepted and shall be incorporated into the minutes of this meeting. A true and correct copy of said proposal is attached hereto as Exhibit B (which is hereby made a part of the Resolution), and the Board President (or Vice President in the event of the unavailability of the Board President) and Board Secretary (or Assistant Secretary in the event of the unavailability of the Secretary) of the District are hereby authorized and directed to execute and deliver a duplicate original of the acceptance of said proposal to the Lender.

(4) The District hereby pledges to the Lender and grants to the Lender a lien and charge on its taxes and revenues to be received during the period when the Note is outstanding to secure the payment of the indebtedness evidenced hereby and the interest thereon.

(5) Payment of principal and interest shall be made in the amounts and on the dates indicated on the attached Exhibit C, which is hereby made a part of this Resolution.

(6) The Board President (or Vice President in the event of the unavailability of the Board President) is hereby authorized and directed to execute and deliver in the name of, on behalf of, and under the seal of, the District, the Tax and Revenue Anticipation Note in the form and containing terms described above, and the Secretary (or Assistant Secretary in the event of the unavailability of the Secretary) of the District is hereby authorized and directed to attest the same.

(7) The Director of Business Services is hereby authorized and directed to prepare or cause to be prepared and to file a Certificate as to Taxes and Revenues to be Collected as required by Section 8126 of the Local Government Unit Debt Act. A true and correct copy of said Certificate is attached hereto as Exhibit D, which is hereby made a part of the Resolution.

(8) The Board President (or Vice President in the event of the unavailability of the Board President), Board Secretary (or Assistant Secretary in the event of the unavailability of the Secretary), Director of Business Services, and Solicitor of the District are hereby authorized and directed to perform all acts which are necessary and proper for the valid issuance and securing of the Note.

(9) The District hereby covenants with Northwest Savings Bank that no part of the proceeds of the Note shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause the Note to be an "arbitrage bond," as that term is defined under Section 103(b)(2) and of Section 148 of the Internal Revenue Code of 1986, as amended, and rules and regulations issued pursuant thereto (the "Code"), throughout the term of the Note.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and affixed the seal of the Warren County School District, this 9th day of May, 2012.

ATTEST: (SEAL)

WARREN COUNTY SCHOOL DISTRICT

Secretary

_____(SEAL)
President, Board of School Directors

TAX AND REVENUE ANTICIPATION NOTE

**WARREN COUNTY SCHOOL DISTRICT
WARREN COUNTY, PENNSYLVANIA**

**TAX AND REVENUE ANTICIPATION NOTE
SERIES OF 2012**

<u>Amount</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>
\$6,000,000	July 2, 2012	December 31, 2012	1.65 % per annum

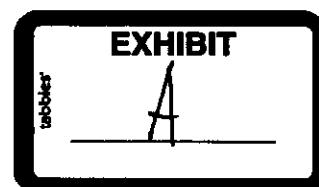
The Warren County School District, Warren County, Pennsylvania (hereinafter referred to as the "District"), intending to be legally bound, promises to pay to the order of Northwest Savings Bank (hereinafter sometimes referred to as the "Lender") at its office at 100 Liberty Street, Warren, Pennsylvania, on or before December 31, 2012, in such coin or currency as at the place and time of payment is legal tender for the payment of public and private debts, with interest thereon from the date hereof on the unpaid principal balance from time to time outstanding at the rate of 1.65 % per annum.

At the option of the District, payment of the indebtedness evidenced hereby may be anticipated and paid/redeemed prior to maturity in whole or in part and without penalty or premium.

The indebtedness evidenced hereby is a borrowing in anticipation of current taxes and other current revenues to be received during the portion of the 2012-2013 fiscal year that the Note remains outstanding, and is to be repaid from revenues received by the District during the the portion of the 2012-2013 fiscal year that the Note remains outstanding.

The District hereby pledges to the Lender and grants to the Lender a lien and charge on its taxes and revenues to be received during the period when the Note is outstanding to secure the payment of the indebtedness evidenced hereby and the interest thereon.

Payment of principal and interest shall be made in the amounts and on the dates indicated on the attached Exhibit A, which is hereby made a part of this Note.



This Tax and Revenue Anticipation Note is executed and delivered pursuant to a Resolution adopted by the District upon the affirmative vote of at least a majority of its members at a meeting held on May 9, 2012, and after filing with the Department of Community and Economic Development of the Commonwealth of Pennsylvania the documents required by Section 8128 of the Local Government Unit Debt Act.

The District covenants that it will not make any use of the proceeds of this Note which would cause this Note to be an "arbitrage bond" as such term is defined in Section 103(b)(2) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code").

IN WITNESS WHEREOF, the Warren County School District has caused this Tax and Revenue Anticipation Note to be executed by the President of the Board of School Directors, its seal to be hereunto affixed, and the same to be attested by the Board Secretary, and this Note to be delivered to the Bank this 2nd day of July, 2012.

ATTEST: (SEAL)

WARREN COUNTY SCHOOL DISTRICT

Secretary

_____(SEAL)
President, Board of School Directors



100 LIBERTY STREET - P.O. BOX 786 - WARREN, PENNSYLVANIA 16365 - (814) 728-7543
FAX: (814) 728-7706

April 16, 2012

Warren County School District Board of Educators
c/o James M. Grosch, Director of Business Services
185 Hospital Drive
Warren, PA. 16365

Subject: \$6,000,000 Tax and Revenue Anticipation Note

Dear Mr. Grosch:

This letter is intended to provide you with an indication of terms under which Northwest Savings Bank ("Bank") would consider providing financing for the above referenced request. This is not a commitment of the Bank to make a loan hereunder, but a summary of the terms, interest rates and conditions that would exist if the loan would be requested and approved from the Bank.

1. **LOAN AMOUNT:** The principal amount of the Note shall be \$6,000,000.00.
2. **BORROWER:** The Borrower shall be the Warren County School District ("Borrower")
3. **LOAN TERM:** The term of the Loan shall not exceed a period that would cause the Maturity Date to be on or after December 31, 2012.
4. **INTEREST RATE:** The interest rate of the Loan shall be a fixed rate of 1.65% per annum, conditioned upon the Loan qualifying as a tax-exempt loan to the Lender.
5. **REPAYMENT:** The entire principal balance of the Loan, together with all unpaid and accrued interest shall be due in full by December 31, 2012.
6. **CLOSING TERM:** This loan shall be closed on or before June 20, 2012. Any extension of closing date to be agreed upon by the parties hereof.
7. **SECURITY:** The security for this Loan shall consist of a pledge, assignment, and security interest in, the full faith, credit and taxing authority of the Warren County School District.

The Tax and Revenue Anticipation Note and Security Agreement shall carry the standard covenants permissible in the State of Pennsylvania, together with the covenants provided for herein and other covenants reasonably required by the Lender.

8. **USE OF FUNDS:** The loan proceeds shall be used to provide short term working capital.

_____ A CENTURY OF SERVICE _____

EXHIBIT

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9. **LEGAL OPINION:** Borrower shall provide Lender with a written legal opinion from an attorney acceptable to Lender and located in the State of Pennsylvania, including, but not necessarily limited to, a certification that (a) the Borrower is duly organized, validly existing and in good standing under the laws of the State of Pennsylvania; (b) Borrower is duly authorized and legally permissible to enter into this transaction and to undertake such project; (c) the Loan is not usurious or otherwise illegal under applicable laws; (d) if applicable, the Note is exempt from personal property taxes in the Commonwealth of Pennsylvania and the interest on the Note is exempt from the Commonwealth of Pennsylvania Personal Income Tax and the Commonwealth of Pennsylvania Corporate Net Income Tax; (e) the Note is not an arbitrage bond or note as described in Section 103 (b) (2) and Section 148 of the Code; (f) if applicable, interest on the Note is excluded from gross income for purposes of federal income tax imposed on individuals and corporations; (g) if applicable, the borrowing complies with the Local Government Unit Debt Act established in 1972 together with later amendments, and administered by the Pennsylvania Department of Community and Economic Development, and; (h) such further opinions relating to such matters as Lender and its counsel shall reasonably require.
10. **ASSIGNMENT OF COMMITMENT:** Neither the Commitment nor the loan proceeds shall be assignable by the Borrower without the Lender's prior written consent.
11. **PREPAYMENT PRIVILEGE:** The Loan may be prepaid in full or in part at any time prior to maturity without payment of premium or penalty.
12. **DOCUMENTATION PREPARATION:** All documentation, instruments, opinions and agreements and any further items required by Lender shall be prepared by the Borrower's Solicitor and/or Bond Counsel, subject to satisfactory review and acceptance by the Bank.
13. **COSTS:** Borrower agrees that any legal or other expenses incurred by the Lender in connection with the origination, servicing, or collection of the Loan shall be paid by the Borrower.
14. **ASSUMABILITY:** The Loan shall not be assumable.
15. **CONFIDENTIALITY:** This letter is for the Borrower's confidential use only. It may not be disclosed by the Borrower without the Lender's prior written consent to any person (including any financial institution) other than your accountants, attorneys and other advisors, and then only in connection with the transactions contemplated by this letter and on a confidential basis. The Borrower authorizes the Lender to obtain information regarding the Borrower from, and to share such information among, affiliates of the Lender.
16. **PROPER AUTHORITY:** Borrower shall furnish Lender with a certified copy of the Warren County School District's Resolution passed by their Board of Directors stating they are authorized to enter into the loan transaction and shall set forth the names of all authorized individuals empowered to execute documents in connection with this Loan.

17. **ADDITIONAL DOCUMENTS:** Borrower shall furnish such other instruments, documents, opinion, and assurances as Lender may require.
18. **DOCUMENTATION REVIEW:** All loan-related material and legal documents will be subject to prior review and approval by Lender and/or Lender's counsel and any costs reasonably incurred because of the foregoing review are to be borne by the Borrower. Borrower shall review and approve the terms contained herein in consultation with Borrower's legal counsel and shall not rely on the judgment or opinion of Lender or Lender's legal counsel.
19. **SURVIVAL OF COMMITMENT:** All representations, warranties and covenants by the Borrower and all conditions and terms of the commitment shall apply to and be binding upon the parties hereto, their successors and assigns.
20. **EXPIRATION DATE:** This Proposal is open for acceptance until May 31, 2012. It may be extended only at the option of the Lender.

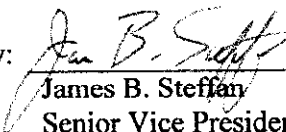
This Proposal is being provided to indicate the terms and conditions that would exist for a Tax and Revenue Anticipation Note to the Warren County School District. Final approval of this loan request would be further contingent upon the review and approval of Northwest Savings Bank's Senior Loan Committee.

Please acknowledge your acceptance of this Proposal, if found satisfactory, by having the appropriate duly authorized individual(s) sign the enclosed copy and returning it to the undersigned.

We appreciate the ability to be considered to assist with any needs of the Warren County School District, and thank you for the opportunity to provide this financing proposal.

Sincerely,

NORTHWEST SAVINGS BANK

By: 
James B. Steffan
Senior Vice President
Commercial Lending Officer

WITH THE INTENT TO BE LEGALLY BOUND HEREBY, ACCEPTED AND AGREED TO
THIS _____ DAY OF _____, 2012.

BORROWER:

Warren County School District

By: _____
Arthur J. Stewart, President

By: _____
Ruth Huck, Secretary

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,000,000.00	07-02-2012	12-31-2012	8375059568	410 / 57	WARRENC00	SJ5	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: WARREN COUNTY SCHOOL DISTRICT
185 HOSPITAL DR STE F
WARREN, PA 16365

Lender: NORTHWEST SAVINGS BANK
Warren Main Office
Liberty & Second Streets
PO Box 96
Warren, PA 16365

Disbursement Date: July 2, 2012
Interest Rate: 1.650

Repayment Schedule: Single Pay
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	12-31-2012	6,050,050.00	50,050.00	6,000,000.00	0.00
TOTALS:		6,050,050.00	50,050.00	6,000,000.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

LASER PRO Lending, Vw. 6.55.00.003 Copr. Harland Financial Solutions, Inc. 1997, 2012. All Rights Reserved. PA TR-21386 PR-5

EXHIBIT

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CERTIFICATE OF TAXES AND REVENUES TO BE COLLECTED

Pursuant to Section 8126 of the Local Government Unit Debt Act, the Business Administrator of the Warren County School District, Warren County, Pennsylvania (hereinafter the "Local Government Unit") hereby certify that:

1. The undersigned have carefully estimated that the following amounts of moneys will be received from taxes levied and assessed, and other revenues to be received (including subsidies and reimbursements during the following months in the fiscal year ending June 30, 2013. (Note: only months during which the note will be outstanding)

Jul-12	\$	1,695,998
Aug-12	\$	6,047,278
Sep-12	\$	5,672,983
Oct-12	\$	18,138,810
Nov-12	\$	3,801,415
Dec-12	\$	7,394,169
Total	\$	42,750,653

2. In making the foregoing estimate, the undersigned have considered the past anticipated collection experience of the Local Government Unit and current economic conditions:

3. The amount of the borrowing pursuant to tax and revenue anticipation notes in the above mentioned fiscal year, including current obligations, does not exceed the limitations imposed by Section 8122 of the Local Government Unit Debt Act.

IN WITNESS WHEREOF, The undersigned have set their hands this 9th day of May, 2012.

James Grosch
Business Administrator

Ruth Huck
Secretary

EXHIBIT

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