

SCRANTON, PENNSYLVANIA

The Scranton School Board of Directors held a Special Meeting on Monday, October 24, 2016 at 6:30pm prevailing time in the Board Room of the Administration Building, 425 N. Washington Ave., Scranton, PA for the specific purpose of the General Obligation Bonds.

President Sheridan called the meeting to order at 6:30pm with a Pledge of Allegiance to the Flag.

Roll Call: By the Secretary

Present: Directors Casey, Douaihy, Duffy, Lesh, McAndrew, Oleski, Schuster, Timlin and Sheridan.

Absent: All Present.

Public Comment:

No one signed in to speak.

Budget & Finance

Director Lesh made a motion to approve the General Obligation Bonds or Notes as per the attached.

RESOLUTION OF THE BOARD OF SCHOOL DIRECTORS
OF THE
SCHOOL DISTRICT OF THE CITY OF SCRANTON
LACKAWANNA COUNTY, PENNSYLVANIA

A RESOLUTION OF THE SCHOOL DISTRICT OF THE CITY OF SCRANTON, LACKAWANNA COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE ONE OR MORE SERIES OF FEDERALLY TAXABLE AND/OR TAX EXEMPT GENERAL OBLIGATION BONDS OR NOTES OF THE SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FORTY MILLION THREE HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$40,335,000) (COLLECTIVELY, THE "BONDS") PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, PA.C.S. 53, CHAPTERS 80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE SCHOOL DISTRICT; DETERMINING THAT SUCH BONDS SHALL EVIDENCE NONELECTORAL DEBT OF THE SCHOOL DISTRICT; SPECIFYING THAT SUCH INDEBTEDNESS TO BE INCURRED TO PROVIDE FUNDS FOR A CERTAIN PROJECT OF THE SCHOOL DISTRICT CONSISTING OF ALL OR ANY OF THE FOLLOWING: (1) CURRENTLY REFUNDING THE SCHOOL DISTRICT'S OUTSTANDING FEDERALLY TAXABLE GENERAL OBLIGATION BONDS, SERIES C OF 2015; (2) CURRENTLY REFUNDING THE SCHOOL DISTRICT'S OUTSTANDING FEDERALLY TAXABLE GENERAL OBLIGATION NOTES, SERIES D OF 2015; AND (3) PAYING THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS; SETTING FORTH THE REASONABLE ESTIMATED REMAINING USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BONDS, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE SCHOOL DISTRICT; FIXING THE DENOMINATIONS, SERIES DESIGNATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, OPTIONAL AND MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING SPECIFIED OFFICERS OF THE SCHOOL DISTRICT TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BONDS TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE SCHOOL DISTRICT IN SUPPORT THEREOF; CREATING A SINKING FUND FOR EACH SERIES OF BONDS IN CONNECTION WITH SUCH SERIES OF BONDS, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BONDS WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION OF ONE OR

MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE SCHOOL DISTRICT (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT AND THE REFUNDING OF THE PRIOR BONDS; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE SCHOOL DISTRICT TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BONDS, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE SCHOOL DISTRICT, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE SCHOOL DISTRICT TO DELIVER THE BONDS UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; IF APPLICABLE, SETTING FORTH CERTAIN COVENANTS PRECLUDING THE SCHOOL DISTRICT FROM TAKING ACTIONS WHICH WOULD CAUSE THE BONDS TO BECOME "ARBITRAGE BONDS" OR "PRIVATE ACTIVITY BONDS," AS THOSE TERMS ARE USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF, IF APPLICABLE; AUTHORIZING THE EXECUTION OF ONE OR MORE ESCROW AGREEMENTS BY AND BETWEEN THE SCHOOL DISTRICT AND AN ESCROW AGENT NAMED THEREIN IN CONNECTION WITH THE REFUNDING OF THE PRIOR BONDS; APPROVING THE PREPARATION, USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT BY THE PURCHASER IN CONNECTION WITH THE MARKETING OF THE BONDS; AUTHORIZING AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY OF ALL OTHER REQUIRED DOCUMENTS AND THE TAKING OF ALL OTHER REQUIRED ACTION; PROVIDING WHEN THIS RESOLUTION SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL RESOLUTIONS OR PARTS OF RESOLUTIONS INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

WHEREAS, the School District of the City of Scranton, Lackawanna County, Pennsylvania (the "School District"), is a school district of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, the School District, in contemplation of the issuance and sale of one or more series of its federally taxable and/or tax-exempt general obligation bonds and/or notes in an aggregate principal amount not to exceed Forty Million Three Hundred Thirty-Five Thousand Dollars (\$40,335,000), to provide funds for and towards certain projects of the School District, has determined that the Bonds (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the "Act") and has determined that a private sale by negotiation is in the best financial interest of the School District; and

WHEREAS, the School District for purposes of this Resolution has determined that each such series of Bonds, issued as bonds and/or notes and federally taxable or tax-exempt will be issued and designated generally as "School District of the City of Scranton, Pennsylvania, General Obligation [Bonds/Notes], Series of 2016" (collectively, the "Bonds") or such other name or designation including the appropriate designation indicating whether the Bonds are issued as a series of general obligation notes or a series of general obligation bonds and the appropriate designation of the series and year such Bonds are issued as shall be selected by the President of the Board of School Directors of the School District (the "Board") upon delivery of the definitive Bonds in accordance with this Resolution; and

WHEREAS, the Bonds in one or more series shall be issued in the aggregate principal amount not to exceed Forty Million Three Hundred Thirty-Five Thousand Dollars (\$40,335,000); and

WHEREAS, the School District has heretofore issued \$32,170,000 original aggregate principal amount Federally Taxable General Obligation Bonds, Series C of 2015 (the "2015C Bonds"), a portion of which remains outstanding (the "Refunded 2015C Bonds"); and

WHEREAS, the School District desires to authorize the refunding of the Refunded 2015C Bonds for the purpose of reducing the total debt service over the life of the 2015C Bonds; and

WHEREAS, the Bonds which are being issued to refund the Refunded 2015C Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2015C Bonds; and

WHEREAS, the School District has heretofore issued \$8,335,000 original aggregate principal amount Federally Taxable General Obligation Notes, Series D of 2015 (the "2015D Notes"), a portion of which remains outstanding (the "Refunded 2015D Notes"); and

WHEREAS, the School District desires to authorize the refunding of the Refunded 2015D Notes for the purpose of reducing the total debt service over the life of the 2015D Notes; and

WHEREAS, the Bonds which are being issued to refund the Refunded 2015D Notes will not be outstanding through a maturity date that could not have been included in the issue of the 2015D Notes; and

WHEREAS, the Refunded 2015C Bonds and the Refunded 2015D Notes are hereinafter collectively referred to as the "Prior Bonds"; and

WHEREAS, if necessary, a portion of the proceeds of the Bonds shall be deposited in escrow pursuant to the terms of one or more escrow agreements (collectively, the "Escrow Agreement"), to be executed by and between the School District and an escrow agent named therein (the "Escrow Agent"), such that the proceeds of the Bonds so deposited in escrow, together with interest to be earned thereon (if any), will be held by the Escrow Agent in a separate escrow account and irrevocably pledged for the payment or redemption of any or all of the Prior Bonds, all as shall be set forth more fully in the Escrow Agreement; and

WHEREAS, the School District has determined to accept the proposal of RBC Capital Markets, LLC, Philadelphia, Pennsylvania, or an assignee designated in writing by the School District, as representative of the purchasers of the Bonds (collectively, the "Purchaser"), for the purchase of the Bonds, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth ("DCED" or the "Department") relating to the incurring of the indebtedness to be evidenced by the Bonds; and

WHEREAS, the School District has determined to and desires to accept the proposal of the Purchaser, which proposal is subject to assignment at the direction of the School District as provided therein, and to incur nonelectoral debt in the aggregate principal amount not to exceed Forty Million Three Hundred Thirty-Five Thousand Dollars (\$40,335,000) to fund a certain project (hereinafter described) of the School District pursuant to the provisions of the Act; and

NOW, THEREFORE, BE IT RESOLVED by the Board of School Directors of the School District of the City of Scranton, Lackawanna County, Pennsylvania, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Resolution, the School District hereby authorizes and directs the issuance of one or more series of the Bonds in the aggregate principal amount not to exceed Forty Million Three Hundred Thirty-Five Thousand Dollars (\$40,335,000), each such series to be designated generally as the "School District of the City of Scranton, Pennsylvania, General Obligation [Bonds/Notes], Series of 2016" or such other name or designation including the appropriate designation indicating whether the Bonds are issued as a series of general obligation notes or a series of general obligation bonds and the appropriate designation of the series and year such Bonds are issued as shall be selected by the President of Board upon delivery of each series of the definitive Bonds in accordance with this Resolution. The Bonds shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the School District hereby finds and determines that a private sale by negotiation is in the best financial interests of the School District.

Section 2. The School District determines that the debt to be incurred pursuant to this Resolution, and which will be evidenced by the Bonds, shall be nonelectoral debt of the School District.

Section 3. The project (the "Project") to be funded with, among other things, the proceeds of the Bonds consists of financing all or any of the following: (1) currently refunding the outstanding Refunded 2015C Bonds; (2) currently refunding the outstanding Refunded 2015D Notes; and (3) paying the costs and expenses of issuance of the Bonds.

The remaining realistic estimated useful lives of the projects originally financed by the 2015C Bonds which are to be refinanced by a portion of the proceeds of the Bonds are at least 9 years. The remaining realistic estimated useful lives of the projects originally financed by the 2015D Notes which are to be refinanced by a portion of the proceeds of the Bonds are at least 9 years.

It is hereby certified that an aggregate principal amount of the Bonds at least equal to the realistic estimated cost of each such project shall mature prior to the end of the useful life of such project.

Stated installments or maturities of principal of the Bonds will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issue of the Bonds.

The School District hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

The Board hereby authorizes and directs its proper officers, agents and employees to execute and to submit to the Pennsylvania Department of Education, at the appropriate time, the appropriate application and other documents and information necessary to obtain state reimbursement with respect to the debt service on the Bonds (including the filing of PLANCON Parts, as and if applicable).

Section 4. In connection with the issuance and sale of the Bonds, the School District, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the Refunded 2015C Bonds is reducing the total debt service over the life of the 2015C Bonds; and (b) that the refunding of the Refunded 2015C Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The School District further finds and determines that the final maturity date of the Bonds issued to effect the refunding of the Refunded 2015 C Bonds does not extend to a date that could not have been included in the 2015C Bonds issue.

In connection with the issuance and sale of the Bonds, the School District, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the Refunded 2015D Notes is reducing the total debt service over the life of the 2015D Notes; and (b) that the refunding of the Refunded 2015D Notes is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The School District further finds and determines that the final maturity date of the Bonds issued to effect the refunding of the Refunded 2015D Notes does not extend to a date that could not have been included in the 2015D Notes issue.

The Board of the School District hereby authorizes and directs the President or Vice President of the Board to determine the principal amount of each series of the Prior Bonds to be refunded by each series of the Bonds upon delivery of each series of the definitive Bonds in accordance with this Resolution and hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the refunding of the Prior Bonds, including, but not limited to, providing notice of refunding to the paying agent for each respective series of Prior Bonds. In accordance with Section 8246 of the Act, it is the intent of the Board that the Prior Bonds shall no longer be outstanding from and after the date of the issuance of the Bonds.

Section 5. Subject to the approval of the Department, as required by the provisions of the Act, the School District shall and does hereby accept the proposal of the Purchaser, for the purchase of the Bonds in accordance with the terms and conditions of this Resolution and the Purchaser's proposal, dated the date of final adoption of this Resolution (the "Proposal"). The sale of the Bonds shall be for an aggregate purchase price of not less than 96% of the aggregate par amount of the Bonds issued by the School District, exclusive of any original issue discount and any original issue premium, plus accrued interest, if any, from the date of the respective series of Bonds to the date of delivery thereof. A copy of the Proposal, as presented to the School District and accepted by this Resolution, is incorporated herein by reference and shall be attached to this Resolution and maintained with the minutes of this meeting. Upon final pricing of the Bonds, the Purchaser will present to the School District an addendum or confirmation to the Proposal for each series of the Bonds setting forth the final terms and conditions of each series of the Bonds, including the final principal amount, interest rates, redemption provisions and purchase price for each series of the Bonds (collectively, the "Addendum"). As long as the terms and conditions set forth in the Addendum satisfy the parameters set forth in this Resolution, the President or Vice President of the Board is hereby authorized and directed to accept and to execute the Addendum in the name and on behalf of the School District, and the Secretary or Assistant Secretary of the School District is hereby authorized and directed to attest to such acceptance and execution. The Proposal is subject to assignment at the direction of the School District as provided therein and the Board of the School District hereby authorizes and directs the President or Vice President of the Board to determine the Purchaser for each series of the Bonds issued hereunder and the President or Vice President are hereby authorized to take any and all actions in connection with such determination and designation.

Section 6. The Bonds, when issued, will be a general obligation of the School District. If any series of the Bonds are issued as tax-exempt obligations, in accordance with the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), if appropriate and if applicable to such series, the School District hereby finds, determines and designates or deems designated each of the Bonds of such series as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code, for the purposes of such Section 265(b) of the Code. The School District determines that it and all entities with which it is aggregated under Section 265(b)(3)(E) of the Code have not issued, and do not reasonably expect to issue, tax-exempt obligations which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year 2016. The School District also determines that it will not engage in any action or inaction which will or may cause the Bonds of such series to fail or cease to constitute "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

Section 7. Each series of Bonds shall be fully registered, without coupons, in substantially the form hereinafter set forth in Section 10. Each series of Bonds shall be dated and shall bear interest from that date at the applicable rates per annum, on the dates (each an "Interest Payment Date") until maturity or prior redemption, as set forth in the definitive Bonds for such series as delivered to the Purchaser in accordance with the provisions hereof, subject, in each case, to the parameters set forth in Section 8. Each series of Bonds shall be issuable in denominations of \$5,000 or any integral multiple thereof or such other denominations as may be

selected by the President or Vice President of the Board upon delivery of each series of the definitive Bonds in accordance with this Resolution.

Section 8. The Bonds shall bear the maximum rates of interest and shall mature, whether by maturity or mandatory sinking fund redemption on the dates and in the maximum amounts as set forth on Exhibit A attached hereto.

Each series of Bonds shall be issued in such aggregate principal amounts among series, as serial bonds or term bonds and shall be subject to optional and mandatory tender and optional and mandatory sinking fund redemption as set forth in the definitive Bonds as delivered to the Purchaser in accordance with the provisions hereof and the delivery instructions of the Purchaser; provided however that the interest rates on the Bonds, and any serial maturities or mandatory sinking fund redemption amounts shall be within the parameters set forth on Exhibit A attached hereto.

Section 9. The President or Vice President of the Board and the Secretary or Assistant Secretary of the School District are hereby authorized, empowered and directed to contract with Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, as paying agent, or such other paying agent, which shall be a bank or bank and trust company authorized to do business in the Commonwealth, as may be selected by the President of the Board, upon delivery of each series of the Bonds in accordance with this Resolution (any such paying agent selected in accordance with this Section 9 being hereinafter referred to as the "Paying Agent"), for its services as paying agent and sinking fund depository in accordance with the terms and conditions of the Proposal, this Resolution and the Act. Payment of the principal of and interest on the Bonds shall be made, when due, in accordance with the provisions of the Bonds, at the corporate trust office of the Paying Agent in lawful money of the United States of America.

Section 10. Each series of Bonds shall be in substantially the form set forth in Exhibit B hereto. The form of the Bonds as submitted to the School District are hereby approved in substantially such form, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, series designation, interest rates, principal amounts, the name or designation and redemption provisions, of the Bonds as specified to the School District in the delivery instructions of the Purchaser and such other changes as the President of the Board may approve upon advice of the Solicitor to the School District, such approval to be evidenced by such officer's execution and delivery of the Bonds.

Section 11. The Bonds shall be executed in the name and on behalf of the School District by the true or facsimile signature of the President or Vice President of the Board and the true or facsimile official seal of the School District shall be affixed thereunto, duly attested by the true or facsimile signature of the Secretary or Assistant Secretary of the School District. Said officers are authorized and directed to execute and attest the Bonds. The execution and delivery of the Bonds in accordance with Section 10 hereof and this Section 11 shall constitute conclusive proof of the approval of the final terms and provisions of the Bonds by the School District.

No Bond constituting one of the Bonds shall be entitled to any benefit under this Resolution nor shall it be valid, obligatory or enforceable for any purpose until such Bond shall

have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Paying Agent; and the Paying Agent is authorized to register and authenticate the Bonds in accordance with the provisions hereof.

Each series of Bonds shall initially be issued in the form of one fully-registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of the Purchaser or Cede & Co., as nominee of The Depository Trust Company ("DTC"), as directed by the Purchaser. The Bonds issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Bonds shall be registered in the registration books kept by the Paying Agent or the Trustee, as applicable, in the name of the Purchaser or Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds of such series registered in the name of such nominee or nominees of DTC. No person other than the Purchaser or DTC or its nominee shall be entitled to receive from the School District or the Paying Agent or the Trustee, as applicable, either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless the Purchaser or DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Paying Agent or the Trustee, as applicable.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price, if any, of or interest on such Bonds shall be made to DTC or its nominee. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the School District or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid.

The School District and the Paying Agent shall treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of the Bonds, registering the transfer of the Bonds, obtaining any consent or other action to be taken by registered owners of the Bonds and for all other purposes whatsoever; and neither the School District nor the Paying Agent shall be affected by any notice to the contrary. Neither the School District nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Paying Agent as being a registered owner, with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (4) any notice which is permitted or required to be given to registered owners of the Bonds; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the registered owner of the Bonds.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of the Bonds under this Resolution shall be given to DTC.

In connection with any notice or other communication to be provided to registered owners of the Bonds pursuant to this Resolution by the School District or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the School District or the Paying Agent may establish a special record date for such consent or other action. The School District or the Paying Agent shall give DTC notice of such special record date not less than 10 calendar days in advance of such special record date to the extent possible.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (1) after notice to the School District and the Paying Agent, DTC determines to resign as securities depository for the Bonds; (2) after notice to DTC and the Paying Agent, the School District determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the School District or the beneficial owners of the Bonds. In any such event, unless the School District appoints a successor securities depository, the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of the School District or the Paying Agent for the accuracy of such designation. Whenever DTC requests the School District and the Paying Agent to do so, the School District and the Paying Agent or the Trustee, as applicable, shall cooperate with DTC in taking appropriate action after reasonable written notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Section 12. The School District covenants to and with the registered owners from time to time of the Bonds that the School District (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the School District in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Bonds for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Bonds and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the School District shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of the School District shall be enforceable specifically.

Section 13. The School District hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, one or more sinking funds for the Bonds corresponding to each series of Bonds issued, each such sinking fund to be known as "Sinking Fund - School District of the City of Scranton, Lackawanna County, Pennsylvania, General Obligation [Bonds/Notes], Series of 2016" (collectively, the "Sinking Fund") or such other name or designation to coincide with the series of Bonds issued and the year issued as selected by the

proper officers of the School District shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Resolution.

Section 14. The Paying Agent shall be the "sinking fund depository" with respect to the Sinking Fund created pursuant to Section 13. The School District covenants and agrees to deposit in the Sinking Fund, on or before each Interest Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Interest Payment Date all principal and accrued interest becoming due with respect to the Bonds. After such deposit, the Paying Agent shall, without further authorization or direction from the School District or any of its officials, upon proper and timely presentation, execution and surrender of the Bonds, with respect to the payment of principal of the Bonds, or at the Interest Payment Date, with respect to the payment of interest on the Bonds, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Resolution and the provisions of the Act.

Deposit Date & Remedies. *The School District shall make deposits into the Sinking Fund for each series of the Bonds no later than fifteen days prior to each Interest Payment Date (each a "Deposit Date") in amounts sufficient to pay debt service on each series of the Bonds then due on the next succeeding Interest Payment Date for the Bonds. If the School District shall at any time fail to pay over to the Paying Agent in full any such amounts, when due, the Paying Agent will promptly give written notice to the Secretary of Education (the "Secretary") of the Commonwealth of Pennsylvania that the School District has failed to make the required deposit, demanding that the Secretary withhold out of any appropriation due to the School District from the Commonwealth and pay over to the Paying Agent, in advance of the actual debt service payment date, the amount of the deficiency, all pursuant to Section 633 of the Public School Code of 1949, as amended (24 P.S. §6-633). Notice to the Secretary shall be sent by telecopy, confirmed by overnight mail or courier to the following address: Secretary of Education, 333 Market Street, 10th Floor, Harrisburg, PA 17126-0333; Telecopy #717-787-7222.*

For any payment due on the Bonds, the School District will ensure that there will be on deposit with the Paying Agent, no later than 11 A.M. on the Deposit Date, immediately available funds in such amounts as may be required to make such payment.

Section 15. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Record Date preceding the first Interest Payment Date, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds. Interest shall be paid as set forth in the definitive Bonds, until the principal sum is paid. Interest on the Bonds is payable by check drawn on the Paying Agent which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the day

next preceding each Interest Payment Date or such other day approved by the President or Vice President of the Board upon delivery of each series of the definitive Bonds in accordance with this Resolution (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the School District shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not less than ten (10) days preceding such special record date or such other day approved by the President or Vice President of the Board upon delivery of each series of the definitive Bonds in accordance with this Resolution. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing or such other day approved by the President or Vice President of the Board upon delivery of each series of the definitive Bonds in accordance with this Resolution.

If the date for payment of the principal of or the interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then the payment of such principal or interest need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

The School District and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

The Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bonds in the registration books of the School District maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds of authorized denominations of the same series and maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The School District and the Paying Agent may deem and treat the persons in whose names the Bonds shall be registered on the registration books of the School District maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Bonds shall be overdue or not, and payment of the principal of and/or interest on the Bonds shall

be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Bonds provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of the School District upon the Bonds so paid, to the extent of the sum or sums so paid, and neither the School District nor the Paying Agent shall be affected by any notice to the contrary.

The School District shall cause to be kept, and the Paying Agent shall keep, at the principal corporate trust office of the Paying Agent, books for the registration, exchange and transfer of Bonds in the manner provided herein and therein so long as the Bonds shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to bondholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

Section 16. If necessary, the School District hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the Bonds and in connection with the Project and the refunding of the Prior Bonds. The School District hereby authorizes and directs the President or Vice President of the Board to execute and the Secretary or Assistant Secretary of the School District to attest any investment agreement on behalf of the School District, in the form approved by the Solicitor of the School District. The Investments shall be limited to those authorized under law for proceeds of the Bonds.

Section 17. The President or Vice President of the Board or the Secretary or Assistant Secretary of the School District are each hereby authorized and directed, in the name and on behalf of the School District: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Resolution, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Bonds, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Bonds or otherwise, all costs and expenses incurred by the School District in connection with the issuance of the Bonds; (e) to advertise the adoption of this Resolution, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bonds, to the extent not inconsistent with this Resolution or applicable law.

Furthermore, the President or Vice President of the Board or the Secretary or Assistant Secretary of the School District are each authorized and directed, if necessary or desirable, to cause to be prepared and filed with the Department appropriate statements required by Section 8026 of the Act which are necessary to qualify the nonelectoral or lease rental debt of the School District, which is subject to exclusion of self-liquidating or subsidized debt, for exclusion from the appropriate debt limits of the School District as self-liquidating or subsidized debt.

Section 18. It is hereby declared that the debt to be evidenced by the Bonds, together with all other indebtedness of the School District, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the School District.

Section 19. The proper officers of the School District are hereby authorized and directed to deliver the Bonds to the Purchaser, upon due registration and authentication thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 20. If any series of the Bonds are issued as tax-exempt obligations, the School District covenants to and with the registered owners of the Bonds of such series that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Bonds of such series, would cause such series of Bonds to be "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code and the applicable regulations thereunder. If applicable, the School District further covenants that it will comply with the requirements of such Section 148 and Section 141 and with the regulations thereunder throughout the term of such issue. In addition, the President or Vice President of the Board, being the officials responsible for issuing the Bonds of such series, attested by the Secretary or Assistant Secretary of the School District, are hereby authorized and directed to execute and deliver, in the name and on behalf of the School District, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds of such series are not "arbitrage bonds" or "private activity bonds" within the meanings of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Bonds of such series, which certificate shall set forth the reasonable expectations of the School District as to the amount and use of the proceeds of the Bonds of such series.

Section 21. If necessary, on the date of delivery of the Bonds, to the extent required for a lawful defeasance of any or all of the Prior Bonds, the President or Vice President of the Board and the Secretary or Assistant Secretary of the School District are hereby authorized, empowered and directed to execute, attest and deliver the Escrow Agreement in the form approved by such officers with the advice of the Solicitor to the School District. The Escrow Agreement shall provide for, among other things, the following: (i) a certification to the Escrow Agent of the amount required to pay the principal of, premium, if any, and interest on, any or all of the Prior Bonds, (ii) the deposit with the Escrow Agent of an amount which, when taken together with the interest to be earned thereon, will be in the amount necessary to pay the principal of, premium, if any, and interest on any or all of the Prior Bonds when due, (iii) the investment of the amounts deposited with and held by the Escrow Agent, (iv) a direction to the Escrow Agent to cause notice of redemption to be given to the holders of any or all of the Prior Bonds, if necessary, and (v) the irrevocable pledge and escrow of, and grant of a security interest in favor of the Escrow Agent of all investments held by it pursuant to the Escrow Agreement.

The School District hereby authorizes and directs the proper officers, agents and employees to execute any and all other documents and to take any and all action necessary in

connection with the Project to cause the Prior Bonds to "no longer be deemed to be outstanding" as of the date of delivery of the Bonds, within the meaning and for the purposes of Section 8250 of the Act and to pay the principal of and interest due on the Prior Bonds when due.

Section 22. The President or Vice President of the Board and the Secretary or Assistant Secretary of the School District are hereby authorized to execute the Continuing Disclosure Certificate (hereinafter defined) on behalf of the School District and the School District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate as required by applicable law. Notwithstanding any other provision of this Resolution, failure of the School District to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder or on the Bonds; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Section.

As used herein, the term "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate or Certificates to be executed by the School District in order to comply with Securities and Exchange Commission Rule 15c2-12, and dated the date of issuance and delivery of each series of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

As used herein, the term "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries).

Section 23. If determined to be advantageous to the School District by the President or Vice President of the Board, the Board hereby authorizes and directs the purchase of a municipal bond insurance policy (the "Municipal Bond Insurance Policy") to be issued by a municipal bond insurer (the "Insurer") acceptable to the Purchaser and the President or Vice President of the Board insuring the payment when due of the principal of and interest on the Bonds as provided therein. Proper officers of the School District are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, including the payment of the premium thereof.

The President or Vice President of the Board and the Secretary or Assistant Secretary of the School District are hereby authorized and directed to execute any and all insurance agreements and certificates with or for the benefit of the Insurer as may be necessary regarding the issuance of the Bonds and the delivery of the Municipal Bond Insurance Policy and acceptable to such officers executing the same.

Section 24. The School District hereby approves the preparation, use and distribution of a Preliminary Official Statement by the Purchaser in connection with the marketing of the Bonds. The President or Vice President of the Board is hereby authorized to execute and approve a final Official Statement relating to the Bonds and any amendments or supplements to the same, provided that the final Official Statement and any amendments and/or supplements shall have been approved by the Solicitor to the School District. The Purchaser is

hereby authorized to use such final Official Statement (and any amendments or supplements thereto) in connection with the sale of the Bonds.

Section 25. The School District hereby appoints and engages Stevens & Lee, P.C., Scranton, Pennsylvania, and Cozen O'Connor, Philadelphia, Pennsylvania, to act as Co-Bond Counsel to the School District in connection with the issuance of the Bonds and to facilitate the intent of this Resolution.

Section 26. All expenses incurred in connection with issuance of the Bonds shall be paid out of the proceeds derived from the issuance of the Bonds or from other available funds of the School District and the President or Vice President of the Board is authorized to approve requests for payment of such expenses and to pay or direct the payment of such expenses.

Section 27. The President or Vice President of the Board and the Secretary or Assistant Secretary of the School District are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution, issuance, sale and delivery of the Bonds, all in accordance with this Resolution.

Section 28. The proper officers of the School District are hereby authorized, jointly and severally, to do any and all other things necessary to effectuate the issuance, execution, delivery and sale of the Bonds and the financing of the Project, including the execution and delivery of any and all additional documents, representations, declarations, loan agreements, reimbursement agreements, security agreements, promissory notes, intercreditor agreements, derivative and/or interest rate management agreements, escrow agreements, assignments, financing statements, certificates, authorizations, contracts, agreements, insurance binders and other papers as may be necessary to effectuate any of the foregoing, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by the School District.

Section 29. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of the School District that the remainder of this Resolution shall remain in full force and effect.

Section 30. All resolutions or parts of resolutions, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 31. This Resolution shall be effective in accordance with Section 8003 of the Act.

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DULY RESOLVED, THIS 17TH DAY OF OCTOBER, 2016, BY THE BOARD
OF SCHOOL DIRECTORS OF THE SCHOOL DISTRICT OF THE CITY OF SCRANTON,
LACKAWANNA COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

SCHOOL DISTRICT OF THE CITY OF
SCRANTON
Lackawanna County, Pennsylvania

By: _____
President

Attest: _____
Secretary

(SEAL)

EXHIBIT A

MAXIMUM DEBT SERVICE SCHEDULE FOR BONDS

Scranton School District
 Series 2016
 Debt Service Schedule Total - Refunds Series C and D 2015

Dated: 12/01/2016
 Settlement: 12/01/2016

Payment Date	New NTE Par Amount	Coupon (%)	Interest	Debt Service	Annual Debt Service
12/15/2016	0	8.000	125,486.67	125,486.67	125,486.67
06/15/2017			1,613,400.00	1,613,400.00	
12/15/2017	3,230,000	8.000	1,613,400.00	4,843,400.00	6,456,800.00
06/15/2018			1,484,200.00	1,484,200.00	
12/15/2018	3,490,000	8.000	1,484,200.00	4,974,200.00	6,458,400.00
06/15/2019			1,344,600.00	1,344,600.00	
12/15/2019	3,765,000	8.000	1,344,600.00	5,109,600.00	6,454,200.00
06/15/2020			1,194,000.00	1,194,000.00	
12/15/2020	4,070,000	8.000	1,194,000.00	5,264,000.00	6,458,000.00
06/15/2021			1,031,200.00	1,031,200.00	
12/15/2021	4,395,000	8.000	1,031,200.00	5,426,200.00	6,457,400.00
06/15/2022			855,400.00	855,400.00	
12/15/2022	4,750,000	8.000	855,400.00	5,605,400.00	6,460,800.00
06/15/2023			665,400.00	665,400.00	
12/15/2023	5,125,000	8.000	665,400.00	5,790,400.00	6,455,800.00
06/15/2024			460,400.00	460,400.00	
12/15/2024	5,535,000	8.000	460,400.00	5,995,400.00	6,455,800.00
06/15/2025			239,000.00	239,000.00	
12/15/2025	5,975,000	8.000	239,000.00	6,214,000.00	6,453,000.00
	40,335,000		17,900,686.67	58,235,686.67	58,235,686.67

10/11/2016

EXHIBIT B
(BOND/NOTE FORM, AS APPLICABLE)

REGISTERED
NUMBER R-__

REGISTERED
\$ _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC"), a New York corporation, to the School District or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

SCHOOL DISTRICT OF THE CITY OF SCRANTON
LACKAWANNA COUNTY, PENNSYLVANIA

GENERAL OBLIGATION [BOND/NOTE]
SERIES __ OF 2016

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE OF SERIES</u>	<u>CUSIP</u>
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REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT \$ _____

KNOW ALL MEN BY THESE PRESENTS, that the School District of the City of Scranton, Lackawanna County, Pennsylvania (the "School District"), a School District existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself to be indebted and promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon (or upon prior redemption, as hereinafter provided), upon presentation and surrender hereof, the Principal Amount shown above and to pay semiannually on _____ and _____ of each year prior to maturity or redemption (each an "Interest Payment Date"), beginning _____, to the registered owner hereof, interest on such principal sum, at the rate per annum stated hereon, from the Interest Payment Date next preceding the date of registration and authentication of this School District of the City of Scranton, Lackawanna County, Pennsylvania, General Obligation [Bond/Note], Series __ of 2016 (the "Bond"), unless (a) this Bond is registered and authenticated as of an Interest Payment Date, in which event this Bond shall bear interest from such Interest

Payment Date, or (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) this Bond is registered and authenticated on or prior to the Record Date preceding _____, _____, in which event such Bond shall bear interest from _____, _____, or (d) as shown by the records of Manufacturers and Traders Trust Company, as paying agent, at its offices located in Harrisburg, Pennsylvania, or its successor (the "Paying Agent"), interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the School District shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of Bonds (hereinafter defined) not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Whenever the due date for payment of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal, or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banks are authorized by law or executive order to remain closed, with the same force and effect as if made on the due date for payment of principal, interest or redemption price and no interest shall accrue thereon for any period after such due date.

This Bond is one of a series of bonds of the School District known generally as "School District of the City of Scranton, Lackawanna County, Pennsylvania, General Obligation [Bonds/Notes], Series __ of 2016," dated _____ (the "Bonds"), issued by the School District in the aggregate principal amount of _____ Dollars (\$ _____).

The Bonds are in fully registered form, without coupons, and have been authorized and issued in accordance with the Local Government Unit Debt Act of the Commonwealth (the "Act"), without the assent of the electors, pursuant to a resolution (the "Resolution") of the Board of School Directors of the School District (the "Board") duly adopted on October 17, 2016. The terms and provisions of the Resolution are hereby incorporated by reference as if set forth fully herein. The Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

The School District has covenanted in the Resolution that it shall include in its budget the amount of the debt service for each fiscal year of the School District in which principal and/or interest on the Bonds is payable, that it shall appropriate from its general

revenues any such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due principal and interest on the Bonds.

[If the interest on the Bonds is determined to be tax-exempt, the following language will apply: In the Resolution, the School District has covenanted to and with registered owners of the Bonds that it will make no use of the proceeds of the Bonds, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Bonds, would cause the Bonds to be "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder.]

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

[If the interest on the Bonds is determined to be tax-exempt, the following language may apply: This Bond has been designated, in the Resolution, by the School District, as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.]

The Bonds maturing on or after _____, shall be subject to redemption, prior to maturity, at the option of the School District, in whole or in part, in any order of maturities, at any time on or after _____, at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all of the Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

[If the interest on the Bonds is determined to be tax-exempt, the following language may apply: The Bonds are subject to extraordinary mandatory redemption by the School District prior to maturity on or after _____, as a whole or in part at any time, at 100% of the par amount thereof, plus accrued interest thereon to the date fixed for such extraordinary mandatory redemption to the extent that there are "available amounts" generated in the preceding fiscal year of the School District as determined by the School District under § 1.148-6(d)(3)(iii) of the regulations promulgated pursuant to the Internal Revenue Code of 1986, as amended. Such determination shall be made by the School District at the end of each fiscal year of the School District.]

The Bonds stated to mature on _____, are subject to mandatory redemption prior to maturity on _____ of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

Year Principal Amount

\$

*

* at maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the School District, may purchase, from money in the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the School District shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

This Bond may be transferred or exchanged by the registered owner hereof only upon surrender of this Bond to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter

any transfer of ownership of this Bond in the registration books maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of the same series and of authorized denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The School District and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary. All payments made to the registered owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the School District upon the Bond as paid.

The School District and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The School District has caused CUSIP numbers to be printed on the Bonds as a convenience to bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Resolution, against any member, officer or employee, past, present, or future, of the School District or of any successor body, as such, either directly or through the School District or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the School District to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the School District is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the School District has established with the Paying Agent, as Sinking Fund Depository, a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the School District are hereby irrevocably pledged.

IN WITNESS WHEREOF, the School District of the City of Scranton,
Lackawanna County, Pennsylvania, has caused this Bond to be signed in its name and on its
behalf by the signatures of the President of Board and its corporate seal to be hereunder affixed,
duly attested by the signature of the Secretary of the School District, as of the ____ day of
_____, 2016.

SCHOOL DISTRICT OF THE CITY OF
SCRANTON
Lackawanna County, Pennsylvania

(SEAL)

By: _____
President

By: _____
Secretary

STATEMENT OF INSURANCE

[To Come]

(FORM OF PAYING AGENT'S CERTIFICATE)

CERTIFICATE OF AUTHENTICATION

It is certified that this Bond is one of the Bonds described in the within-mentioned Resolution.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Paying Agent

By: _____
Authorized Officer

Date of Registration and Authentication:

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferror"), the undersigned, hereby sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or
Federal Employer Identification No.

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program.

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

(END OF BOND FORM)

The motion was seconded by Director Oleski and passed unanimously on roll call vote.

Prior to roll call Mr. Michael Judge of CaseCon Capital explained the need to refund the bond anticipating a lower interest rate for the remaining nine year term and must refund or remarket the bond by December 1, 2016.

Discussion also included lowering the fees of the district's financial consultant and working with Pennsylvania's intercept program which allows the state to withhold subsidy payments from a district that fails to make a debt payment.

There being no further business a motion to adjourn was made by Director Oleski, seconded by Director Duffy and the meeting adjourned at 7:01PM.

By: _____
Secretary