

BOROUGH OF DARBY  
DELAWARE COUNTY, PENNSYLVANIA

ORDINANCE NO. 764

ENACTED OCTOBER 16, 2013

AUTHORIZING AND DIRECTING THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE BOROUGH OF DARBY, DELAWARE COUNTY, PENNSYLVANIA, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SEVEN MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS TO CURRENTLY REFUND THE BOROUGH'S GENERAL OBLIGATION NOTE, SERIES OF 2008 AND TO FUND A PORTION OF THE REMAINING COSTS OF ACQUISITION, CONSTRUCTION AND EQUIPPING OF A RECREATION CENTER, DISTRICT COURT OFFICE AND POLICE AND ADMINISTRATION BUILDING ON THE NEW BOROUGH CAMPUS, PROVIDE CAPITALIZED INTEREST AND PAY THE COSTS OF ISSUING AND INSURING THE BONDS; STATING THAT REALISTIC COST ESTIMATES HAVE BEEN MADE FOR THE PROJECT AND AUTHORIZING THE PAYMENT OF OTHER PROJECTS UPON APPROPRIATE AMENDMENT HERETO; STATING THE REALISTIC ESTIMATED USEFUL LIVES OF THE PROJECTS FOR WHICH SAID BONDS ARE ISSUED; DIRECTING THE PROPER OFFICERS OF THE GOVERNING BODY TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND BORROWING BASE CERTIFICATE; COVENANTING THAT THE BOROUGH SHALL INCLUDE THE AMOUNT OF ANNUAL DEBT SERVICE IN ITS BUDGET FOR EACH FISCAL YEAR; PROVIDING FOR FULLY REGISTERED BOOK-ENTRY BONDS, DATE OF THE BONDS, INTEREST PAYMENT DATES, PROVISIONS FOR REDEMPTION AND MAXIMUM PRINCIPAL MATURITY AMOUNTS AND FIXING THE MAXIMUM RATES OF INTEREST ON SUCH BONDS; AUTHORIZING THE PROPER OFFICERS OF THE BOROUGH TO CONTRACT WITH A BANK OR BANK AND TRUST COMPANY FOR ITS SERVICES AS SINKING FUND DEPOSITARY, PAYING AGENT AND REGISTRAR AND STATING A COVENANT AS TO PAYMENT OF PRINCIPAL AND INTEREST WITHOUT DEDUCTION FOR CERTAIN TAXES; PROVIDING FOR THE REGISTRATION, TRANSFER AND EXCHANGE OF BONDS; PROVIDING FOR FACSIMILE SIGNATURES AND SEAL AND AUTHENTICATION; APPROVING THE FORM OF THE BONDS, PAYING AGENT'S AUTHENTICATION CERTIFICATE AND ASSIGNMENT AND PROVIDING FOR CUSIP NUMBERS TO BE PRINTED ON THE BONDS; AUTHORIZING AWARDDING THE BONDS AT NEGOTIATED PRIVATE SALE WITHIN THE PARAMETERS PROVIDED FOR IN THIS ORDINANCE AND STATING THAT SUCH

PRIVATE SALE IS IN THE BEST FINANCIAL INTEREST OF THE BOROUGH; ESTABLISHING A SINKING FUND; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE BOROUGH TO CERTIFY AND TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT CERTIFIED COPIES OF THE NECESSARY PROCEEDINGS; COVENANTING THAT THE PROCEEDS OF THE BONDS SHALL NOT BE USED IN SUCH A MANNER AS TO CAUSE THE BONDS TO BE ARBITRAGE BONDS UNDER FEDERAL TAX LAW PROVISIONS, MAKING CERTAIN TAX REPRESENTATIONS; APPROVING THE CONTENT AND FORM OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE DISTRIBUTION THEREOF AND AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT AND THE UNDERTAKING OF CERTAIN CONTINUING DISCLOSURE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE BOROUGH TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE BOROUGH TO PAY ISSUANCE COSTS; AND REPEALING ALL INCONSISTENT ORDINANCES.

The Borough Council (the "Governing Body") of the Borough of Darby, Delaware County, Pennsylvania (the "Borough"), pursuant to the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), hereby ORDAINS AND ENACTS as follows:

**Section 1. Incurrence of Debt; Amount and Purpose of Bonds; Other Projects.** The Governing Body of the Borough hereby authorizes and directs the incurring of non-electoral debt through the issuance of General Obligation Bonds, Series of 2013 (the "Bonds") of the Borough in an aggregate principal amount not to exceed \$7,770,000 to (1) currently refund the Borough's General Obligation Note, Series of 2008 (the "Refunding Project"); (2) to fund a portion of the remaining costs of acquisition, construction and equipping of a recreation center, district court office and police and administration building on the new Borough Campus located at and adjacent to 1021 Ridge Avenue in the Borough; (3) provide capitalized interest; and (4) to pay the costs of issuing and insuring the Bonds (the "Capital Project" and, collectively, the "Project").

The Refunding Project is being undertaken by the Borough for the purpose of exchanging Notes for Bonds in compliance with Section 8241(b)(5) of the Act.

Realistic cost estimates have been obtained by the Borough for the Capital Project through estimates made by qualified persons, as required by Section 8006 of the Act. The components of the Capital Project to be financed with proceeds of the Bonds are expected to all be completed by November, 2016.

The Borough hereby reserves the right to undertake components of the Project in such order and at such time or times as it shall determine and to allocate the proceeds of the Bonds and other available moneys to the final costs of the Project in such amounts and order of priority as it shall determine; but the proceeds of the Bonds shall be used solely to pay and to reimburse the Borough for the "costs", as defined in the Act, of the Project described herein or, upon appropriate amendment hereto, to pay the costs of other Projects for which the Borough is authorized to incur indebtedness.

**Section 2. Realistic Estimated Useful Life of Capital Project, Description of 2008 Note Project and Ratification of Realistic Estimated Useful Life Thereof.** The realistic estimated Useful life of the Capital Project to be financed with the proceeds of the Bonds is hereby declared to be primarily in excess of 35 years and as shown on Exhibit "B" hereto. The 2008 Note was issued pursuant to an Ordinance (the "2008 Ordinance") enacted on May 21, 2008 to provide funds to finance the current refunding of the Borough's outstanding General Obligation Note, Series of 2007 (the "2007 Note"), which was issued to currently refund the Borough's 2002 General Obligation Note from 2007 Note proceeds which matured no later than 2012 and to fund a capital project, being the initial acquisition and construction of portions of the Borough's new campus which is being further developed with the proceeds of the Bonds (the "2008 Capital Project")

At the time of issuance of the 2008 Note, The realistic estimated remaining useful life of the 2008 Capital Project was estimated at the time of enactment of the 2008 Ordinance to be in excess of 39 years. That estimated useful life is hereby ratified and confirmed and the Bonds do not extend beyond the final maturity of the 2008 Note or beyond the realistic estimated remaining useful life of the 2008 Capital Project or the Capital Project financed hereby.

**Section 3. Debt Statement and Borrowing Base Certificate.** The President or Vice President of the Borough Council, as the Governing Body so defined in the Act, and the Secretary of the Borough, or in the event any of such officers are not available when needed, any member of Borough Council, are hereby authorized and directed to prepare and certify a debt statement required by Section 8110 of the Act and a Borrowing Base Certificate.

**Section 4. Covenant to Pay Bonds.** It is covenanted with the registered owners from time to time of the Bonds that the Borough shall (i) include the amount of the debt service for the Bonds for each fiscal year in which such sums are payable in its budget for that year, (ii) appropriate such amounts from its general revenues for the payment of such debt service, and (iii) duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds the principal of, and the interest on, the Bonds at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation

and payment, the Borough pledges its full faith, credit and taxing power. As provided by the Act, this covenant shall be specifically enforceable.

**Section 5. Description of Bonds; Maturity Schedule; Redemption of Bonds; Notices of Redemption.**

(a) The Bonds shall be in fully registered form without coupons, shall be numbered, shall be in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof, shall be dated as of the date of issue thereof, and shall bear interest from the dates, which interest is payable at the rates provided herein, until maturity or prior redemption, all as set forth in the form of Bond attached hereto as Exhibit A and made a part hereof.

(b) The Bonds, upon original issuance, shall be issued in the form of a single, fully registered bond for each maturity of the Bonds, in denominations equal to the principal amount of the Bonds maturing on each such date, and shall be delivered to The Depository Trust Company in New York, New York, its successors and assigns (the "Securities Depository") or its nominee, CEDE & CO. Each such Bond shall be registered on the registration books kept by the Paying Agent (as hereinafter defined), appointed in Section 6 hereof, as registrar and transfer agent, in the name of the Securities Depository or, at the Securities Depository's option, in the name of CEDE & CO., as the Securities Depository's nominee, and no beneficial owners thereof will receive certificates representing their respective interests in such Bonds, except in the event the Paying Agent, on behalf of the Borough, issues Replacement Bonds as provided in subparagraph (d) below.

(c) The Borough Manager is hereby authorized and directed to execute and deliver a Blanket Issuer Letter of Representation to the Securities Depository as required by the Securities Depository to use the book-entry system (the "Representation Letter"). The execution and delivery by the Borough of the Representation Letter shall not in any way limit any undertaking or arrangement contemplated or provided herein in respect of the Securities Depository or the book-entry registration, payment and notification system or in any other way impose upon the Borough or the Paying Agent any obligation whatsoever with respect to beneficial owners having interests in the Bonds, any such obligation extending solely to the registered owners of the Bonds as shown on the registration books kept by the Paying Agent. The Paying Agent shall take all action necessary for all representations of the Borough in the Representation Letter with respect to the Paying Agent to be complied with at all times.

(d) If the Borough determines either:

(i) that the Securities Depository is unable to properly discharge its responsibilities; or

(ii) that the interest of the beneficial owners of the Bonds would be adversely affected by the continuation of the book-entry system of transfer; then the Paying Agent shall notify the Securities Depository and request the Securities Depository to notify its Participants of the Borough's determination and of the availability of certificates with respect to beneficial interests in the Bonds. The Paying Agent shall cause certificates (the "Replacement Bonds") to be prepared, at the Borough's expense, for delivery to such beneficial owners, or their nominees, making such adjustments and allowances as it may find necessary or appropriate as to the date of such certificates, accrued interest and previous calls for redemption. In such event, all references to the Securities Depository herein shall relate only to the period of time when the Securities Depository has possession of at least one Bond and shall be applicable only to such Bond held. Upon issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Paying Agent or alternate or successor transfer agent, to the extent applicable with respect to such Replacement Bonds.

In the event the Securities Depository resigns or the Borough makes the determination set forth in (i) above and the Paying Agent or beneficial owners of the Bonds are unable to locate a qualified successor, then the Paying Agent shall authenticate and cause delivery of Replacement Bonds with respect to the interests of the beneficial owners of the Bonds or certificates with respect to the respective interests of the Participants, or a combination of both, all at the option of the Participants.

If the date for payment of the principal or redemption price of, and interest on, the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

(e) The Bonds shall bear interest, until maturity or prior redemption, at the rates set forth in the final Bond Purchase Agreement or an Addendum thereto authorized in Section 11 hereof, but not exceeding the rate set forth below per annum, and shall mature in the amounts not to exceed those set forth below and on December 15 of certain years, all as follows:

	Maximum Principal <u>Amount</u>	Maximum Interest <u>Rate</u>	Maturity <u>Year</u>
\$	155,000	7.00%	2016
	155,000	7.00%	2017
	160,000	7.00%	2018

165,000	7.00%	2919
170,000	7.00%	2020
175,000	7.00%	2021
180,000	7.00%	2022
185,000	7.00%	2023
195,000	7.00%	2024
205,000	7.00%	2025
215,000	7.00%	2026
220,000	7.00%	2027
230,000	7.00%	2028
240,000	7.00%	2029
255,000	7.00%	2030
270,000	7.00%	2031
280,000	7.00%	2032
295,000	7.00%	2033
315,000	7.00%	2034
330,000	7.00%	2035
345,000	7.00%	2036
370,000	7.00%	2037
385,000	7.00%	2038
405,000	7.00%	2039
430,000	7.00%	2040
455,000	7.00%	2041
480,000	7.00%	2042
505,000	7.00%	2043

The stated maturities of the Bonds have been fixed in compliance with Section 8142(b)(1) of the Act.

(f) Optional Redemption: The Bonds will be subject to redemption prior to maturity at the option of the Borough, at par plus accrued interest to the date fixed for redemption, on the dates provided for in the accepted Bond Purchase Agreement.

(g) Mandatory Redemption: In lieu of the maturities set forth in (e) above, the Bonds may be subject to mandatory redemption prior to maturity, in principal amounts not exceeding those listed above, in part, by lot, in direct order of maturity, from moneys to be deposited in the Sinking Fund established under Section 12 of this Ordinance, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

(h) If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a 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 case of 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 aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

(i) The Paying Agent is hereby authorized and directed, (i) upon notification by the Borough of its option to redeem Bonds in whole or in part, or (ii) without further authorization from the Borough with respect to a redemption pursuant to (g) above to select by lot the particular Bonds or portions thereof to be redeemed and to cause a notice of redemption to be given once by first-class United States mail, postage prepaid, or by another method of giving notice acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time such notice is given, not less than 30 days nor more than 60 days prior to the redemption date, to each registered owner of Bonds to be redeemed. Such notice shall be mailed to the address of such registered owner appearing on the registration books of the Paying Agent, unless such notice is waived by the registered owner of the Bonds to be redeemed. Any such notice shall be given in the name of the Borough, shall identify the Bonds to be redeemed, including CUSIP numbers, if applicable, which may, if appropriate, be expressed in designated blocks of numbers (and, in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the place where such Bonds are to be surrendered for payment, shall state the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable and from such redemption date interest will cease to accrue. Failure to give any notice of redemption or any defect in the notice or in the giving thereof to the registered owner of any Bond to be redeemed shall not affect the validity of the redemption as to other Bonds for which proper notice shall have been given. The costs incurred for such redemptions shall be paid by the Borough.

(j) In addition to the notice described in paragraph (i) hereof, further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption, plus (A) the date of issue of the Bonds as originally issued; (B) the rate of interest borne by each Bond being redeemed; (C) the maturity date of each Bond being redeemed; and (D) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least twenty-five (25) days before the redemption date by registered or certified mail or

overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depository being the Depository Trust Company of New York, New York, on the date hereof).

(iii) Such further notice shall be mailed by first class United States mail, postage prepaid, to The Bond Buyer of New York, New York, or to another financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds.

(iv) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The notices required to be given by this Section shall state that no representation is made as to the correctness or accuracy of CUSIP numbers listed in such notice or stated on the Bonds.

In lieu of redeeming the principal amount of Bonds set forth in (g) above on a mandatory redemption date, or any portion thereof, the Borough or Paying Agent with the written approval of the Borough may apply the moneys required to be deposited in the Sinking Fund (as hereinafter defined) to the purchase of a like amount of Bonds at prices not in excess of the principal amount thereof, provided that the following provisions are met:

(a) no purchase of any Bonds of any later maturity shall be made if any Bonds of any earlier maturity will remain outstanding; and

(b) firm commitments for the purchase must be made prior to the time notice of redemption would otherwise be required to be given; and

(c) if Bonds aggregating the amount required to be redeemed cannot be purchased, a principal amount of such Bonds equal to the difference between the principal amount required to be redeemed and the amount purchased shall be redeemed as aforesaid.

In the event of purchases of Bonds at less than the principal amount thereof, the balance remaining in the Sinking Fund representing the difference between the purchase price and the principal amount of Bonds purchased shall be paid to the Borough.

If at the time of the mailing of any notice of redemption the Borough shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds



called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that 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 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 and portions thereof shall cease to be entitled to any benefit or security under the Ordinance, 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.

**Section 6. Paying Agent, Sinking Fund Depositary and Registrar; Payment of Principal and Interest without Deduction for Taxes.** The proper officers of the Borough are hereby authorized and directed to contract with U.S. Bank National Association, Philadelphia, Pennsylvania for its services as sinking fund depositary, paying agent and registrar with respect to the Bonds, and such Bank (the "Paying Agent") is hereby appointed to act in such capacities with respect to the Bonds.

The principal or redemption price of the Bonds shall be payable to the registered owner of each Bond, as shown on the registration books of the Borough on the date of payment in lawful money of the United States of America upon surrender of the Bonds, when due, at the corporate trust office of the Paying Agent or at the designated office of any additional or appointed alternate or successor paying agent or agents. Interest on the Bonds shall be paid by check, mailed to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the Borough, as of the close of business on the last day of the calendar month (whether or not a business day) immediately preceding each interest payment date in question (the "Regular Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Regular Record Date and prior to such interest payment date. If the Borough shall default in the payment of interest due on such interest payment date, such interest shall thereupon cease to be payable to the registered owners of the Bonds shown on the registration books as of the Regular Record Date. Whenever moneys thereafter become available for the payment of the defaulted interest, the Paying Agent, on behalf of the Borough, shall immediately establish a "special record date" (which shall be a business day) relating thereto (the "Special Record Date") and shall mail a notice of such date to the registered owners of the Bonds at least fifteen days prior to the Special Record Date. Such notice shall be mailed to the registered owner of the Bonds as shown on the registration books kept by the Paying Agent on the fifth day preceding the date of mailing. The Special Record Date shall be at least ten days but not more than fifteen days prior to the special interest payment date established by the Paying Agent. The defaulted interest shall be paid on the special interest payment date by check mailed to the registered owners of the Bonds, as shown

on the registration books kept by the Paying Agent as of the close of business on the Special Record Date.

So long as any Bonds are registered in the name of the Securities Depository or its nominee, to the extent available, the Paying Agent shall transfer, on each interest and principal payment date, the amount of interest and principal due on each such date to the Securities Depository, which amounts so transferred, shall be, on the interest and principal payment date, at the principal office of the Securities Depository, "good funds same day" or otherwise in accordance with the procedures established from time to time by the Securities Depository. All payments made by the Paying Agent to the Securities Depository or its nominee shall fully satisfy the Borough's obligations to pay principal and interest, and any applicable redemption premium, on the Bonds to the extent of such payments, and no beneficial owner of any Bond registered in the name of the Securities Depository or its nominee shall have any recourse against the Borough hereunder for any failure by the Securities Depository or any Participant therein to remit such payments to the beneficial owners of such Bonds.

The principal or redemption price of, and interest on, the Bonds are payable without deduction for any tax or taxes, except gift, succession, franchise, excise or inheritance taxes, now or hereafter levied or assessed thereon under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Borough assumes and agrees to pay.

**Section 7. Registration, Transfer and Exchange of Bonds.** The Borough shall keep, at the designated corporate trust office of the Paying Agent, as registrar, books for the registration, transfer and exchange of Bonds. The Governing Body hereby authorizes and directs the Paying Agent, as registrar and transfer agent, to keep such books and to make such transfers or exchanges on behalf of the Borough.

The ownership of each Bond shall be recorded in the registration books of the Borough, which shall contain such information as is necessary for the proper discharge of the Paying Agent's duties hereunder as Paying Agent, registrar and transfer agent.

The Bonds may be transferred or exchanged as follows:

(a) Any Bond may be transferred if endorsed for such transfer by the registered owner thereof and surrendered by such owner or his duly appointed attorney or other legal representative at the corporate trust office of the Paying Agent in Philadelphia, Pennsylvania, whereupon the Paying Agent shall authenticate and deliver to the transferee a new Bond or Bonds of the same maturity and in the same denomination as the Bond surrendered for transfer or in different authorized denominations equal in the aggregate to the principal amount of the surrendered Bonds.

(b) Bonds of a particular maturity may be exchanged for one or more Bonds of the same maturity and in the same principal amount, but in a different authorized denomination or denominations. Each Bond so to be exchanged shall be surrendered by the registered owner thereof or his duly appointed attorney or other legal representative at the corporate trust office of the Paying Agent, whereupon a new Bond or Bonds shall be authenticated and delivered to the registered owner.

(c) In the case of any Bond properly surrendered for partial redemption, the Paying Agent shall authenticate and deliver a new Bond in exchange therefor, such new Bond to be of the same maturity and in a denomination equal to the unredeemed principal amount of the surrendered Bond; provided that, at its option, the Paying Agent may certify the amount and date of partial redemption upon the partial redemption certificate, if any, printed on the surrendered Bond and return such surrendered Bond to the registered owner in lieu of an exchange.

Except as provided in subparagraph (c) above, the Paying Agent shall not be required to effect any transfer or exchange during the fifteen days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice, if the Bond to be transferred or exchanged has been called for such redemption. No charge shall be imposed in connection with any transfer or exchange except for taxes or governmental charges related thereto.

No transfers or exchanges shall be valid for any purposes hereunder except as provided above.

New Bonds delivered upon any transfer or exchange shall be valid general obligations of the Borough, evidencing the same debt as the Bonds surrendered.

The Borough and the Paying Agent may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and any notice to the contrary shall not be binding upon the Borough or the Paying Agent.

**Section 8. Execution of Bonds.** The Bonds shall be executed by the manual or facsimile signature of the President or Vice President of the Governing Body and shall have the corporate seal of the Borough or a facsimile thereof affixed thereto, duly attested by the manual or facsimile signature of the Secretary of the Borough, and the said officers are hereby authorized and directed to execute the Bonds in such manner. The President or Vice President of the Governing Body (or such other authorized officer of the Borough, including any member of Borough Council) is hereby authorized and directed to deliver, or cause to be delivered, the Bonds to the purchasers thereof against the full balance of the purchase price therefor. The Bonds shall be manually authenticated by the Paying Agent.

**Section 9. Form of Bonds; CUSIP Numbers.** The form of the Bonds, Paying Agent's authentication certificate and assignment shall be substantially as set forth in Exhibit A attached hereto.

The Bonds shall be executed in substantially the form as set forth in Exhibit A hereto with such appropriate changes, additions or deletions as may be approved by the officers executing the Bonds in the manner provided in Section 8 hereof; such execution shall constitute approval by such officers on behalf of the Governing Body. The opinion of bond counsel is authorized and directed to be printed upon the Bonds.

The Borough, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures (CUSIP) has caused CUSIP numbers to be printed on the Bonds. No representation is made as to the accuracy of said numbers either as printed on the Bonds or as contained in any notice of redemption, and the Borough shall have no liability of any sort with respect thereto. Reliance with respect to any redemption notice with respect to the Bonds may be placed only on the identification numbers printed thereon.

**Section 10. Temporary Bonds.** Until Bonds in definitive form are ready for delivery, the proper officers of the Governing Body may execute and, upon their request in writing, the Paying Agent shall authenticate and deliver in lieu of such Bonds in definitive form, one or more printed or typewritten bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described with appropriate omissions, variations and insertions, as may be required. Such bond or bonds in temporary form may be for the principal amount of Five Thousand Dollars (\$5,000.00) or any whole multiple or multiples thereof, as such officers may determine. The aforesaid officers, without unnecessary delay, shall prepare, execute and deliver Bonds in definitive form to the Paying Agent, and thereupon, upon presentation and surrender of the bond or bonds in temporary form, the Paying Agent shall authenticate and deliver, in exchange therefor, Bonds in definitive form in an authorized denomination of the same maturity for the same aggregate principal amount as the bond or bonds in temporary form surrendered. Such exchange shall be made by the Borough at its own expense and without any charge therefor. Until so exchanged, the temporary bond or bonds shall be in full force and effect according to their terms.

**Section 11. Manner of Sale; Award of Bonds; Bid Price; Range of Interest Rates.** The Governing Body of the Borough, after due deliberation and investigation, has found that a private sale by negotiation is in the best financial interest of the Borough and based upon such finding the Governing Body of the Borough hereby awards the Bonds to Janney Montgomery Scott LLC (the "Underwriter"), upon the terms set forth in its final purchase agreement, a copy of the form of which is attached hereto and made a part hereof (the "Bond Purchase Agreement"). Upon recommendation of the Borough Manager and the Finance Director, the President or Vice President of the

Governing Body and the Borough Secretary, or in their absence, any two members of Borough Council, are hereby authorized to accept a final Bond Purchase Agreement in substantially such form, or an Addendum thereto, at an underwriting discount not to exceed 1.05 percent of the principal amount of the Bonds, within the parameters set forth in Section 5 hereof as to annual interest rate, or yield if different, and maturity or mandatory redemption amount.

**Section 12. Sinking Fund; Appropriation of Annual Amounts for Payment of Debt Service.** There is hereby established a separate sinking fund for the Borough designated as "Sinking Fund - Borough of Darby 2013 General Obligation Bonds" (the "Sinking Fund") and into the Sinking Fund there shall be paid, when and as required to provide available funds to the Paying Agent no later than the time required for the Paying Agent to meet its obligations hereunder, all moneys necessary to pay the debt service on the Bonds, and the Sinking Fund shall be applied exclusively to the payment of the interest covenanted to be paid upon the Bonds and to the principal thereof at maturity or prior redemption and to no other purpose whatsoever, except as may be authorized by law, until the same shall have been fully paid.

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

All moneys deposited in the Sinking Fund for the payment of the Bonds which have not been claimed by the registered owner thereof after two years from the date when payment is due, except where such moneys are held for the payment of outstanding checks, drafts or other instruments of the Sinking Fund Depository, shall be returned to the Borough. Nothing contained herein shall relieve the Borough of its liability to the registered owners of the unrepresented Bonds.

In each of the fiscal years shown in the Bond Purchase Agreement the amounts shown in the Bond Purchase Agreement shall be pledged to pay the debt service on the Bonds, and such amounts are annually hereby appropriated to the Sinking Fund for the payment thereof.

**Section 13. Debt Proceedings.** The Secretary of the Borough is hereby authorized and directed to certify to and file with the Pennsylvania Department of Community and Economic Development, in accordance with the Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder, including the debt statement and borrowing base certificate referred to hereinabove, and to pay the filing fees necessary in connection therewith.

**Section 14. Tax Covenant and Representations.** The Borough hereby covenants that:

(a). The Borough will make no use of the proceeds of the Bonds during the term thereof which would cause such Bonds to be "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and that it will comply with the requirements of all Code sections necessary to ensure that the Bonds are described in Code section 103(a) and not described in Code section 103(b) throughout the term of the Bonds; and

(b). In order to ensure that the registered owners of the Bonds, if they are financial institutions, will not be subject to certain provisions of the Code, as a result of acquiring and carrying the Bonds, the Borough hereby designates the Bonds as "qualified tax-exempt obligations," within the meaning of the Code section 265(b)(3)(B), and the Borough hereby covenants that it will take such steps as may be necessary to cause the Bonds to continue to be obligations described in such Code section during the period in which the bonds are outstanding. The Borough represents that it has not issued, and does not reasonably anticipate issuing, tax-exempt obligations which, when combined with the Bonds, will result in more than \$10,000,000 of tax exempt obligations being issued in the calendar year in which the Bonds are issued. For purposes only of the foregoing sentence, the term "tax-exempt obligation" shall include any "qualified 501(c)(3) bond", as defined in Code section 145, but shall not include any other "private activity bond," as defined in Code section 141(a), any obligation which would be an "industrial development bond" or a "private loan bond" as defined in sections 103(b)(2) and 103(o)(2)(a) of the Internal Revenue Code of 1954, as amended, but for the fact that it is issued pursuant to section 1312, 1313, 1316(g) or 1317 of the Tax Reform Act of 1986, or any obligation issued to currently refund any obligation to the extent the amount thereof does not exceed the outstanding amount of the refunded obligation.

**Section 15. Preliminary Official Statement; Official Statement.** The Preliminary Official Statement in the form presented at this meeting (a copy of which shall be filed with the records of the Borough), is hereby approved with such subsequent, necessary and appropriate additions or other changes as may be approved by the proper officer of the Borough with the advice of counsel. The use and distribution of the Preliminary Official Statement by the Underwriter in the form hereby approved, and the distribution thereof on and after the date hereof, with such subsequent additions or other changes as aforesaid, is hereby authorized in connection with the public offering by the Underwriter of the Bonds. An Official Statement in substantially the same form as the Preliminary Official Statement, with such additions and other changes, if any, as may be approved by the Borough's officer executing the same with the advice of counsel, such approval to be conclusively evidenced by the execution thereof, is hereby authorized and directed to be prepared and upon its preparation, to be executed by the President or Vice President of Borough Council following such investigation as such officer deems necessary as to the contents thereof. The Borough

hereby further approves the distribution and use of the Official Statement as so prepared and executed in connection with the sale of the Bonds.

**Section 16. Continuing Disclosure.** The Borough shall be responsible for providing all information required by this section, although the Paying Agent may agree with the Borough to disseminate such information. The Paying Agent's sole obligation, if it so agrees, with regard to continuing disclosure is to disseminate information provided to it by the Borough. The Paying Agent is not obligated to independently obtain or disseminate any such information.

(a). Continuing Disclosure of Financial Information.

The Borough shall disseminate in a timely manner, in accordance with this section and the provisions of Rule 15c2-12(b)(5) (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, electronically through the Commission's Electronic Municipal Market Access ("EMMA") system for electronic filing operated by the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data with respect to the Borough as the sole obligated person under the Rule:

(i) (A) the Borough's annual audited financial statements which are prepared by independent certified public accountants pursuant to Generally Accepted Accounting Principles (GAAP) unless otherwise stated therein and which shall be made available no later than 240 days after the end of the Borough's fiscal year, beginning with the fiscal year ending December 31, 2013; and

(B) a summary of the Borough's current General Fund Budget, which shall be made available no later than 240 days after the end of the Borough's fiscal year, beginning with fiscal year ending December 31, 2013.

(ii) The Borough reserves the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Borough, provided that the Borough agrees any such modification will be done in a manner consistent with the Rule.

(iii) The Borough is not in any manner undertaking to update the information contained in the Official Statement except to provide the annual financial information set forth in this Section.

(b). Disclosure of Material Events.

(i) The Borough agrees to either directly disseminate through EMMA, or, upon agreement with the Paying Agent, to notify the Paying Agent to so

disseminate in a timely manner, not to exceed ten business days after the occurrence of any of the following events, with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Calls of the Bonds, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough (this event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough);
- (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or



the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material.

(ii) The Paying Agent shall have no obligation to independently provide notices of any of the preceding events, even if the Paying Agent has notified the Borough of the occurrence of the event, but rather is obligated only, if so agreed to by the Paying Agent, to disseminate such notice in such form as the Borough has provided to it.

(iii) The Borough may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Borough, such other event is material with respect to the Bonds, but the Borough does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

(c). Failure to Provide Information. The Borough shall, directly or through the Paying Agent, disseminate, in a timely manner, notice of a failure by the Borough to provide the annual financial information with respect to the Borough described in (a) above.

(d). Termination of Continuing Disclosure Obligation. The Borough reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth herein, if and when the Borough no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. Notwithstanding that the application of the Rule has been imposed upon the Borough for the benefit of the holders of the Bonds, the obligations of the Borough under this section shall terminate in the event that the Rule is determined by a court of competent jurisdiction to be in violation of federal law.

(e). Disclosure for Benefit of holders of the Bonds; Remedies. The Borough agrees that its undertaking, pursuant to the Rule, set forth in (a) and (b) above is required to be for the benefit of the holders of the Bonds. A failure by the Borough to comply with the provisions of this undertaking shall not constitute an event of default with respect to the Bonds under the Act or otherwise. In the event the Borough fails to comply with the provisions of this section within 10 days of receipt of a written request for information which the Borough has agreed to provide, the remedy shall be limited to specific performance or a writ of mandamus in a court of competent jurisdiction to enforce the obligations of the Borough under this section.

(f). Amendments. The provisions of this section may be amended without consent of the holders of the Bonds if the Borough receives an opinion of counsel that such amendment is consistent with the Rule.

**Section 17. 2008 Note Redemption; Incidental Actions.** The proper officers of the Borough are hereby authorized, directed and empowered on behalf of the Borough to arrange for the repayment of the 2008 Note at the time of issuance of the Bonds and to execute any and all agreements, papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the purposes of this Ordinance.

**Section 18. Payment of Issuance Costs.** The proper officers of the Borough are hereby authorized and directed to pay the costs of issuing and insuring the Bonds at the time of delivery of the Bonds to the Underwriter or thereafter, such costs being estimated in the Bond Purchase Agreement, provided that the total of such costs shall not exceed the amount of Bond proceeds available therefor.

**Section 19. Inconsistent Ordinances.** All Ordinances or parts of Ordinances inconsistent herewith be and the same hereby are repealed, cancelled and annulled.

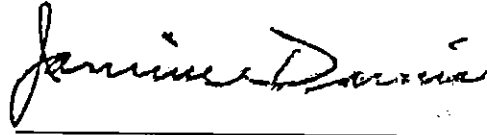
**Section 20. Effective Date.** This Ordinance shall take effect on the earliest date permitted by the Act.

ENACTED AND ORDAINED this 16th day of October, 2013.

BOROUGH OF DARBY

[SEAL]

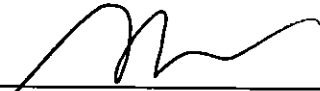
By:



President, Borough Council

Attest:

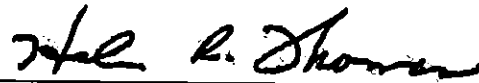
By:



Secretary

Approved by the Mayor of the Borough of Darby  
this 16<sup>th</sup> day of October, 2013.

By:



Mayor, Borough of Darby

**BOROUGH OF DARBY  
COUNTY OF CHESTER, PENNSYLVANIA**

**CERTIFICATE OF SECRETARY**

The undersigned, Secretary of the Borough Council of the Borough of Darby HEREBY CERTIFIES that:

1. The foregoing Ordinance authorizing the issuance and sale of General Obligation Bonds, Series of 2013 of the Borough of Darby, was duly moved and seconded and enacted by a majority vote of all the members of the Borough Council of said Borough at a duly called and convened public meeting of said Council held on October 16, 2013; that public notice of said meeting was given as required by law; and that the roll of the Borough Council was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Janice Davis, President	<u>yes</u>
Howard Blackson, Jr., Vice President	<u>yes</u>
Jennifer Parks	<u>yes</u>
Ruby Robinson Munden	<u>absent</u>
Jillian Theorgood	<u>yes</u>
Darlene Hill	<u>yes</u>
Patrick McKenna	<u>yes</u>
Donald Deigh	<u>yes</u>
Esther Lites	<u>yes</u>

2. Said Ordinance has not been altered, amended, modified, or suspended and is still in full force and effect as of the date of the delivery of this Certificate.

WITNESS my hand and seal of the Borough of Darby as of October 16, 2013.

  
\_\_\_\_\_  
Mark Possenti, Secretary

SEAL

**EXHIBIT "A"**

No. R-\_\_

\$

**UNITED STATES OF AMERICA  
COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF DELAWARE  
BOROUGH OF DARBY  
GENERAL OBLIGATION BOND, SERIES OF 2013**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUANCE DATE</u>	<u>CUSIP</u>
%	December 15, ____	December __, 2013	

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT: DOLLARS**

The BOROUGH OF DARBY, Delaware County, Pennsylvania (the "Borough"), existing by and under the laws of the Commonwealth of Pennsylvania, for value received, hereby acknowledges itself indebted and promises to pay to the registered owner named above, on the maturity date specified above, unless this bond shall be redeemable and shall have been duly called for previous redemption in whole or in part and payment of the redemption price duly made or provided for, the principal amount shown above; and to pay interest thereon at the annual rate specified above (computed on the basis of a 360-day year of twelve 30-day months) from the most recent Regular Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or from the date of issuance listed above, if no interest has been paid. Such payment of interest shall be made on June 15, 2014, and on each June 15 and December 15 thereafter (each, a "Regular Interest Payment Date") until the principal or redemption price hereof has been paid or provided for as aforesaid. The principal or redemption price of, and interest on, this bond may be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

The principal or redemption price of this bond is payable upon presentation and surrender hereof at the corporate trust office of U. S. Bank National Association, Philadelphia, Pennsylvania or at the designated office of any additional or appointed alternate or successor paying agent or agents (the "Paying Agent"). Interest shall be paid by check mailed to the registered owner hereof, as shown on the registration books kept by the Paying Agent as of the close of business on the applicable Regular or Special Record Date (each as hereinafter defined).

The record date for any Regular Interest Payment Date (each, a "Regular Record Date") shall mean the close of business on the last day of the calendar month (whether or not a business day) next preceding such Regular Interest Payment Date. In the event of a default by the Borough in the payment of interest becoming due on any Regular Interest Payment Date,

the interest so becoming due shall forthwith cease to be payable to the registered owners otherwise entitled thereto as of such date. Whenever moneys thereafter become available for the payment of the defaulted interest, the Paying Agent, on behalf of the Borough, shall immediately establish a "special record date" (which shall be a business day) relating thereto (the "Special Record Date") and shall mail a notice of such date to the registered owners of the Bonds at least fifteen days prior to the Special Record Date. Such notice shall be mailed to the registered owner of the Bonds as shown on the registration books kept by the Paying Agent on the fifth day preceding the date of mailing. The Special Record date shall be at least ten days but not more than fifteen days prior to the special interest payment date established by the Paying Agent (the "Special Interest Payment Date"). The defaulted interest shall be paid on the Special Interest Payment Date by check mailed to the registered owners of the Bonds, as shown on the registration books kept by the Paying Agent, as of the close of business on the Special Record Date.

So long as The Depository Trust Company ("DTC"), or its nominee, CEDE & CO., is the registered owner hereof, all payments of the principal of, and interest on, this bond shall be payable in the manner and at the respective times of payment provided for in DTC's Operational Arrangements as in effect from time to time.

If the date for payment of the principal or redemption price of, and interest on, this bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the designated corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal or redemption price of, and interest on, this bond are payable without deduction for any tax or taxes, except gift, succession, franchise, excise or inheritance taxes, now or hereafter levied, or assessed thereon under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Borough assumes and agrees to pay.

This bond is one of a duly authorized issue of \$7,770,000 aggregate principal amount of general obligation bonds of the Borough known as "Borough of Darby General Obligation Bonds, Series of 2013" (the "Bonds") all of like tenor, except as to interest rate, date of maturity and provisions for redemption. The Bonds are issuable only in the form of fully registered bonds without coupons in the denomination of \$5,000 or integral multiples thereof and are issued in accordance with the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), and by virtue of an Ordinance of the Borough duly enacted (the "Ordinance"), and the sworn statement of the duly authorized officers of the Borough as appears on record in the office of the Pennsylvania Department of Community and Economic Development, Harrisburg, Pennsylvania.

It is covenanted with the registered owners from time to time of this bond that the Borough shall (1) include the amount of the debt service for each fiscal year in which such sums are payable in its budget for the year, (2) appropriate such amounts from its general revenues for the payment of such debt service, and (3) duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal of, and the interest on, this bond at the dates and places and in the manner stated in this bond, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Borough pledges its

full faith, credit and taxing power. This covenant shall be specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this paragraph shall be construed to give the Borough any taxing power not granted by another provision of law.

### **OPTIONAL REDEMPTION**

The Bonds maturing on or after December 15, 20\_\_, are subject to redemption prior to maturity at the option of the Borough, at par and accrued interest to the date fixed for redemption, in whole, or in part (and if in part, in such order of maturity as the Borough shall select and within a maturity by lot), on December 15, 20\_\_ or any date thereafter upon payment of the principal amount thereof plus accrued interest to the redemption date.

### **MANDATORY REDEMPTION**

The Bonds maturing on December 15, the years 20\_\_ and 20\_\_ are subject to mandatory redemption prior to maturity, in order of maturity, in part, by lot, on December 15 of the years 20\_\_ and 20\_\_, at a redemption price of par and accrued interest to the date fixed for redemption, in the principal amount and as set forth in the Ordinance.

Any redemption of this bond under the preceding paragraphs shall be made as provided in the Ordinance, upon not less than thirty days' nor more than sixty days' notice, by mailing a copy of the redemption notice by first-class United States mail, postage prepaid, or by another method of giving notice which is acceptable to the Paying Agent and customarily used for similar notices at the time such notice is given, to each address of such registered owner as it appears on the registration books of the Paying Agent as of the date such Bonds are selected for redemption, unless such notice is waived by the registered owner of the Bonds to be redeemed; provided, however, that failure to give notice of redemption by mailing or any defect in the notice as mailed or in the mailings thereof to the registered owner of any Bond to be redeemed shall not affect the validity of the redemption as to other Bonds for which proper notice shall have been given. In the event that less than the full principal amount hereof shall have been called for redemption, the registered owner hereof shall surrender this bond in exchange for one or more new Bonds in an aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

In lieu of redeeming the principal amount of Bonds set forth in the Ordinance on a mandatory redemption date, or any portion thereof, purchases of such Bonds of the particular maturity may be made in accordance with the provisions of the Ordinance.

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

The Borough, in the Ordinance, has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal or redemption price of, and the interest on, the Bonds shall be deposited not later than the date fixed for disbursement thereof. The Borough has covenanted in the Ordinance to make payments out of

such sinking fund or out of any other of its revenues or funds, at such times and in such amounts, as shall be sufficient for prompt and full payment of the principal or redemption price of, and interest on, this bond.

The Borough, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures (CUSIP) has caused CUSIP numbers to be printed on the Bonds. No representation is made as to the accuracy of said numbers either as printed on the Bonds or as contained in any notice of redemption, and the Borough shall have no liability of any sort with respect thereto. Reliance with respect to any redemption notice with respect to the Bonds may be placed only on the identification numbers printed thereon.

This bond is registered as to both principal and interest on the bond register to be kept for that purpose at the corporate trust office of the Paying Agent, and both principal and interest shall be payable only to the registered owner hereof. This bond may be transferred in accordance with the provisions of the Ordinance, and no transfer hereof shall be valid unless made at said office by the registered owner in person or his duly appointed attorney or other legal representative and noted hereon. The Paying Agent shall not be required to issue, transfer or exchange any Bond during the fifteen days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice, if the Bond to be transferred or exchanged has been called for such redemption. The Borough and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest hereon and for all other purposes, whether or not this bond shall be overdue. The Borough and the Paying Agent shall not be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal or redemption price of, or interest on, this bond, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the Borough or of any successor body, either directly or through the Borough or any 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 execution and issuance of this bond.

So long as DTC or its nominee is the registered owner of the Bonds, the Paying Agent will recognize DTC or its nominee as the owner of the Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC and DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

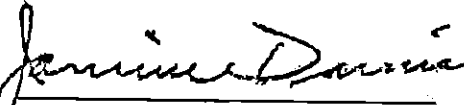
This bond shall not be valid or become obligatory for any purpose until the Paying Agent's Authentication Certificate printed hereon is duly executed.



IN WITNESS WHEREOF, THE BOROUGH OF DARBY has caused this bond to be signed in its name by the facsimile signature of the President of its Governing Body and a facsimile of its corporate seal to be printed hereon and attested by the facsimile signature of its Secretary all as of the \_\_\_\_\_ day of December, 2013.

BOROUGH OF DARBY

[SEAL]

By:   
President of Borough Council

Attest:

  
Secretary

\*\*\*\*\*

PAYING AGENT AUTHENTICATION CERTIFICATE

This bond is one of the bonds of the series designated therein. Attached hereto is a complete text of the opinion of Lamb McErlane PC, Bond Counsel, dated the date of the initial delivery of, and payment for, the Bonds, a signed copy of which is on file with the undersigned.

\_\_\_\_\_  
PAYING AGENT

By: \_\_\_\_\_  
Authorized Officer

AUTHENTICATION DATE:

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TENENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT

\_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

[Bond Insurance]

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_ (Please type or print name, address (including postal zip code) and social security or other tax identification number of the transferee)

\_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ his/her attorney to transfer said Bond on the books of the within described transfer agent with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

By: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

In the presence of: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or Print Name)

Text of Opinion of  
Lamb McErlane PC, Bond Counsel

**Re: Borough of Darby**  
**\$\_\_\_\_\_ General Obligation Bonds, Series of 2013**

You have requested our opinion as to the legality of the above general obligation bonds (the "Bonds"). The Bonds are issued by the Borough of Darby, Delaware County, Pennsylvania (the "Borough"), under the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), and pursuant to an ordinance enacted by the Borough Council of the Borough on \_\_\_\_\_, 2013 (the "Ordinance"). The Bonds are being issued for the purpose of currently refunding certain prior debt of the Borough, to fund a portion of the remaining costs of acquisition, construction and equipping of buildings on the new Borough campus, and to pay the costs of issuing and insuring the Bonds.

The Borough has covenanted in the Ordinance (i) to include the amount of debt service for the Bonds for each fiscal year in which such sums are due and payable in its budget for that year, (ii) to appropriate such amounts from its general revenues for the payment of such debt service, and (iii) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal or redemption price of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Borough has pledged its full faith, credit and taxing power in the Ordinance.

The Borough in the Ordinance has designated the Bonds as qualified tax exempt obligations pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code") and has made certain representations and covenants in the Ordinance necessary to cause the Bonds to continue to be obligations described in such Section of the Code during the period in which the Bonds are outstanding.

As Bond Counsel for the Borough, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania; the Acts of Assembly pursuant to which the Bonds are authorized, issued and sold; the transcript of proceedings filed with the Pennsylvania Department of Community and Economic Development (the "Department"); and certain statements, affidavits and other documents which we have considered pertinent.

In rendering this opinion we have examined and relied upon (a) the opinion of Elliott Greenleaf & Siedzikowski, PC, counsel to the Borough, with respect, *inter alia*, to the due enactment by the Borough of the Ordinance in accordance with applicable laws and (b) the accuracy of the statements and representations and the performance of the

covenants of the Borough set forth in the Ordinance and the Borough's Tax Certificate and Agreement delivered on this date in connection with the issuance of the Bonds.

Based on the foregoing, we are of the opinion that:

1. The Borough is authorized under the provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds for the purposes above set forth, and the Borough has authorized the issuance thereof.

2. As indicated in the Borough's debt statement filed with the Department in connection with the issuance of the Bonds, outstanding debt of the Borough, including debt represented by the Bonds, is within the debt limitations of the Act.

3. The Bonds are the valid and binding general obligations of the Borough payable from the revenues of the Borough from whatever source derived, which revenues, at the time of the issuance and sale of the Bonds, include *ad valorem* taxes levied upon all the taxable property within the Borough, without limitation as to rate or amount.

4. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, as currently enacted and construed, assuming the accuracy of the certifications of the Borough and its continuing compliance with certain covenants and requirements of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. Interest on a Bond held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of the corporate holder. Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

6. Banks, thrift institutions and other financial institutions which purchase the Bonds may take into account, as a deductible expense in calculating their federal income tax liability, 80 percent of their interest expense allocable to ownership of the Bonds.

Ownership of the Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations with "excess net passive income", individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to