INTERCEPT AGREEMENT

This Intercept Agreement (“Agreement”) is executed and delivered this

day of

, 2015, by and among the PENNSYLVANIA DEPARTMENT OF

EDUCATION (“Department”), the TREASURER OF THE COMMONWEALTH OF

PENNSYLVANIA (“State Treasurer”),

SCHOOL DISTRICT

COUNTY, PENNSYLVANIA (“School District”) and

(“Bank”), in connection with the issuance and sale by the

School District of its $

maximum aggregate principal amount Tax and

Revenue Anticipation Note, Series of 2015 ED (“Note”) to the Bank.

W I T N E S S E T H:

WHEREAS, the School District is a school district organized and existing under the laws of the Commonwealth of Pennsylvania (“Commonwealth”), including the Pennsylvania Public School Code of 1949, as amended and supplemented, 24 Pa. Stat. Ann. § 1-101, et seq. (“School Code”); and

WHEREAS, the School District has agreed to issue the Note and the Bank has agreed to purchase the Note from the School District, in accordance with the terms and provisions of a Note Purchase Proposal, dated , 2015 of the Bank (“Proposal”) and a resolution (“Resolution”) duly adopted by the Board of School Directors of the School District; and

WHEREAS, in connection with the issuance of the Note, the School District has received an acknowledgment of the receipt of proceedings filed pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (“Debt Act”), from the Pennsylvania Department of Community and Economic Development; and

WHEREAS, certain payments from the Commonwealth, when appropriated by the Commonwealth, are due and payable to the School District (“Commonwealth Appropriations”) in each fiscal year; and

WHEREAS, the School District, the Department and the State Treasurer desire to establish by this contract the terms under which the Department, subsequent to the enactment of the Commonwealth Appropriations for the 2015-2016 fiscal year and upon receipt of notice from the Bank, shall withhold from Commonwealth Appropriations the amount of principal of and interest on the Note due and payable to the Bank, and the State Treasurer shall pay such withheld amount to the Bank, all at the direction of the Department, and the Bank desires to acknowledge and agree to such terms; and

WHEREAS, the School District has determined to provide instructions and authorize the Department and the State Treasurer to withhold from the Commonwealth Appropriations due to the School District and to pay such withheld amount directly to the Bank in full satisfaction of the payment of the principal and/or interest due and payable on the Note upon their respective receipt of a written notice from the Bank (“Bank Notice”), in substantially the form attached hereto as Exhibit “A” and incorporated herein by this reference;

NOW, THEREFORE, for and in consideration of the premises and mutual covenants hereinafter contained and intending to be legally bound, the parties hereby agree as follows:

Section 1. Notice from Department to Bank; Instructions to Department.

(a) The Department shall notify the Bank, by telephone, confirmed in writing, of the date upon which FY2015-2016 Commonwealth Appropriations consisting of Basic Education Funding shall be available for disbursement to the School District. Upon receipt of such notice from the Department the Bank shall prepare and deliver to the Department, the State Treasurer and the School District a Bank Notice setting forth (i) the mandatory prepayment date

for the Note, in accordance with the Proposal (“Mandatory Prepayment Date”), and (ii) the amount of principal of and interest on the Note which shall become due and payable on the Mandatory Prepayment Date. The Mandatory Prepayment Date shall be a date not less than thirteen (13) business days following the date on which the Bank Notice is delivered to the Department.

(b) The School District hereby instructs, authorizes and directs the Department, upon the Department’s receipt of a Bank Notice, to immediately provide an appropriate voucher transmittal and notice to the State Treasurer that the State Treasurer shall withhold from the Commonwealth Appropriations due to the School District the amount set forth in the Bank Notice and pay the amount set forth in the Bank Notice directly to the Bank on or before the Mandatory Prepayment Date.

Section 2. Withholding and Payment from Commonwealth Appropriations.

(a) Provided that, not less than four (4) business days prior to the Mandatory Prepayment Date, the State Treasurer receives from the Department the appropriate voucher transmittal following the receipt of a Bank Notice from the Bank, the State Treasurer agrees to pay the amount set forth in the Bank Notice from any Commonwealth Appropriations due to the School District directly to the Bank on or before the Mandatory Prepayment Date. After the amounts set forth in the Bank Notice are paid to the Bank, amounts representing Commonwealth Appropriations due to the School District in excess of the amounts set forth in the Bank Notice shall be paid by the State Treasurer directly to the School District, to the extent that the State Treasurer receives the appropriate voucher transmittal from the Department.

(b) The Department shall provide all notices provided for herein to the State Treasurer in a timely manner.

(c) The Bank acknowledges and expressly agrees, that if the Department is required to make a payment (“Statutory Intercept Payment”) from Commonwealth

Appropriations on behalf of the School District in accordance with Section 633 or Section 785 of the School Code, or Section 8283(c) of the Debt Act, at the time a Bank Notice has been tendered, the Department shall pay the Statutory Intercept Payment in full first and then pay the amount set forth in a Bank Notice from the School District’s remaining Commonwealth Appropriations.

Section 3. Credits to Principal and Interest Payments on the Note. The School District hereby directs the Bank to credit payments made by the State Treasurer pursuant to Section 2 hereof to the principal and interest payments required to be made by the School District under the Resolution and the Note and to use the same to pay principal and/or interest due on the Note on the Mandatory Prepayment Date, in accordance with the terms and provisions of the Note and the Resolution. Payment in full of the amount set forth in the Bank Notice on the Mandatory Prepayment Date, by the State Treasurer directly to the Bank, will satisfy in full the obligation of the School District to pay such amounts under the Resolution, the Note and the Proposal. To the extent that the amount of moneys received from the State Treasurer by the Bank exceed the amount of principal of and interest due on the Note, the Bank shall immediately pay such excess to the School District, as provided in the Proposal.

Section 4. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first-class mail, postage prepaid, or sent by telecopier or overnight delivery service addressed to the parties as follows:

The School District

Fax: Attention:

The Department Pennsylvania Department of Education

333 Market Street

4th Floor

Harrisburg, PA 17126-0333

Fax: (717) 787-4758

Attention: Director, Bureau of Budget and Fiscal Management

The State Treasurer Commonwealth of Pennsylvania, Treasury

Finance Building, Room 127

Harrisburg, PA 17120

Fax: (717) 772-0970

Attention: Chief Counsel

The Bank

Telephone: Fax: Attention:

Wire information:

Section 5. Severability. In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

Section 6. Note is Not Debt or Liability of the Commonwealth. The Bank, on behalf of itself and any future owner of the Note, and the School District acknowledge and agree that the sole responsibility of the Department and the State Treasurer hereunder is to pay from Commonwealth Appropriations amounts set forth on the Bank Notice provided by the Bank in accordance with the terms and provisions hereof and that the Note is not a debt or liability of the Commonwealth, legal, moral or otherwise, and that neither the credit nor the taxing power of the

Commonwealth has been or will be pledged for the payment of the principal of or interest due on the Note.

Section 7. Governing Law. This Agreement and all matters arising under this

Agreement shall be governed by and construed under the laws of the Commonwealth.

Section 8. Amendments. This Agreement may not be amended except by an instrument in writing executed by the parties hereto.

Section 9. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

DEPARTMENT OF EDUCATION

By:

Title:

TREASURER OF THE COMMONWEALTH OF PENNSYLVANIA

By:

Title:

SCHOOL DISTRICT,

COUNTY, PENNSYLVANIA

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

[BANK NAME]

By:

Title:

Approval as to form and legality:

OFFICE OF CHIEF COUNSEL - PDE

By: Title:

Date:

OFFICE OF GENERAL COUNSEL

By: Title:

Date:

OFFICE OF ATTORNEY GENERAL

By:

Title: Date:

OFFICE OF CHIEF COUNSEL \_ TREASURY

By: Title:

Date:

Exhibit “A”

Secretary of Education

Pennsylvania Department of Education

333 Market Street, 10th Floor

Harrisburg, PA 17126-0333

Commonwealth of Pennsylvania, Treasury

Finance Building, Room 127

Harrisburg, PA 17120

Attention: Chief Counsel

School District

Attention:

, PA

Re: Intercept Agreement, dated

, 2015

between the Pennsylvania Department of Education, the Treasurer of the Commonwealth of Pennsylvania,

School District,

County, Pennsylvania

and [BANK NAME]

Ladies and Gentleman:

In accordance with the Intercept Agreement, dated

, 2015 (“Intercept

Agreement”), by and among the Pennsylvania Department of Education (“Department”), the

Treasurer of the Commonwealth of Pennsylvania (“State Treasurer”),

School

District,

School District’s $

County, Pennsylvania (“School District”) and (“Bank”), please be advised that we are the owner of the aggregate principal amount Tax and Revenue Anticipation Note,

Series of 2015 ED (“Note”). In accordance with the terms of the Note and as provided in the

Intercept Agreement, we have established

, , a date which is not less than

thirteen (13) business days from the date of delivery of this Bank Notice, as the Mandatory

Prepayment Date for the Note, and the principal amount of $

and interest in the

amount of $

are due and payable on such Mandatory Prepayment Date.

Please withhold from the Commonwealth Appropriations due to the School District the

amount of $

of the Intercept Agreement.

which is due and payable to the Bank, in accordance with Section 2

We represent and warrant that the amount of $

is the amount due

and payable to the Bank on the Mandatory Prepayment Date and have attached hereto our calculations of this amount.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Intercept Agreement.

Very truly yours,

[BANK NAME]

By:

Title: