

CITY OF WILLIAMSPORT,
Lycoming County, Pennsylvania

ORDINANCE NO. 6294
Bill No. 1659-16

OF THE CITY OF WILLIAMSPORT, LYCOMING COUNTY, PENNSYLVANIA, AUTHORIZING AND SECURING THE ISSUANCE OF A GENERAL OBLIGATION NOTE (FUNDING UNFUNDED DEBT), SERIES OF 2016, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$500,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO FUND SETTLEMENT COSTS OF LITIGATION; ACCEPTING A BANK LOAN PROPOSAL; SETTING FORTH THE TERMS AND CONTAINING THE FORM OF THE NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY FOR THE NOTE; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY TO SECURE THE NOTE; AND AUTHORIZING RELATED ACTIONS AND DOCUMENTS.

WHEREAS, The City of Williamsport in Lycoming County (the "City") is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"), governed by its Council (the "Council"), and is a "local government unit" under the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"); and

WHEREAS, The City has reached settlement of a lawsuit involving former officer Jonathan DePrenda (the "Settlement") and desires to fund a portion of the settlement costs with proceeds of a debt obligation issued pursuant to Section 8129 of the Debt Act, pertaining in relevant part to "unfunded debt" incurred in connection with adversarial proceedings; and

WHEREAS, Such unfunded debt, as more particularly described in Section 8129 of the Debt Act, can only be financed with a loan that has been approved by order of the Court of Common Pleas of Lycoming County (the “Court”); and

WHEREAS, On _____, 2015, upon Petition of the City (the “Petition”) the Court issued an order scheduling a hearing and prescribing a notice period, pursuant to Section 8130 of the Debt Act, to approve the funding of unfunded debt to be evidenced by the Note (hereinafter defined); and

WHEREAS, On January 20, 2016, a hearing was held before the Court and an order dated January 20, 2016 (the “Order”), was issued by the Court approving the issuance of a General Obligation Note (Funding Unfunded Debt), Series of 2016 (the “Note”), in the maximum principal amount of \$500,000, under the terms described in the Petition, to fund the Settlement; and

WHEREAS, A written loan proposal, dated December 28, 2015 (the “Proposal”), to purchase the Note was received from Manufacturers and Traders Trust Company (the “Lender”), containing terms and conditions applicable to the Note; and

WHEREAS, The Board desires to accept the Proposal, to award the Note to the Lender, to authorize the issuance of nonelectoral debt represented by the Note, and to take appropriate action and to authorize proper things in accordance with the Debt Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Council and Mayor of the City, as follows:

SECTION 1. The City hereby authorizes and secures the issuance of the Note, pursuant to this Ordinance, in the maximum principal amount of \$500,000, in accordance with the Debt Act, to fund the Settlement.

SECTION 2. The City expresses its finding that it is in the best financial interests of the City to sell the Note in a private sale by negotiation, and determines that the debt to be incurred pursuant to this Ordinance shall be nonelectoral debt.

SECTION 3. The issuance of the Note is authorized by Section 8130 of the Debt Act, and by the Order, which is attached hereto as Exhibit "A".

SECTION 4. The Council of the City accepts the proposal of the Lender to purchase the Note, at a purchase price of \$500,000 (100% of principal amount).

SECTION 5. The Note, when issued, will be a general obligation note of the City.

SECTION 6. The Note shall be substantially in the form attached hereto as Exhibit "B". The outstanding principal balance of the Note and accrued interest shall be payable in installments through February 1, 2026, which will not be more than 10 years after the issuance of the Note, as required by the Debt Act. A schedule illustrating the maximum debt service due on the Note is attached hereto as Exhibit "C" and made a part hereof.

SECTION 7. Principal of the Note shall be advanced to the City by the Lender on the issuance date of the Note.

SECTION 8. The Note shall be subject to redemption prior to maturity, at the option of the City, as a whole or in part, on any date, as provided in the form of the Note attached hereto as Exhibit "B".

SECTION 9. The principal of and interest on the Note shall be payable in lawful money of the United States of America.

SECTION 10. The Note shall be executed in the name of and on behalf of the City by the Mayor and City Controller of the City and the official seal of the City shall be affixed thereto and signed by the City Clerk in attestation thereof. Said officers are authorized to execute and to attest, as applicable, the Note.

SECTION 11. The City covenants to and with the registered owner, from time to time, of the Note outstanding pursuant to this Ordinance, that the City shall do the following: (i) include the amount of the debt service for the Note, for each fiscal year of the City in which such sums are payable, in its budget for that fiscal year, (ii) 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 the sinking fund created herein or any other of its revenues or funds the principal of the Note and the interest thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenant of the City shall be enforceable specifically.

SECTION 12. There is created, pursuant to the Debt Act, a sinking fund for the Note, to be known as the “Sinking Fund - General Obligation Note (Funding Unfunded Debt), Series of 2016” (the “Sinking Fund”), which Sinking Fund shall be administered in accordance with the Debt Act.

The City appoints the Lender having an office in Williamsport, Pennsylvania, as the sinking fund depository with respect to the Sinking Fund. The City covenants to make payments

out of the Sinking Fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

Proper officials of the City are authorized and directed to contract with the Lender for its services as sinking fund depository in connection with the Sinking Fund and as paying agent in connection with the Note.

SECTION 13. Proper officers of the City are authorized and directed: (a) to prepare, to certify and to file the debt statement required by the Debt Act; (b) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by the Debt Act; (c) to prepare and to file any statements required by the Debt Act that are necessary to qualify all or any portion of nonelectoral or lease rental debt of the City, that is subject to exclusion as self-liquidating or subsidized debt, for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Debt Act in connection with the foregoing; and (e) to take other required, necessary or appropriate action. The officers of the City are authorized and directed to prepare an appropriate borrowing base certificate to be appended to the debt statement authorized herein.

SECTION 14. It is declared that the debt to be incurred hereby, together with any other indebtedness of the City, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of debt by the City evidenced by the Note.

SECTION 15. The City Clerk is authorized and directed to deliver the Note, after execution and attestation thereof as provided for herein, to the Lender, as provided in the Proposal, but only after the Department has certified its approval pursuant to the Debt Act.

SECTION 16. The City covenants to and with Lender and any other holder of the Note that it will make no use of the proceeds thereof that will cause the Note to be or become an “arbitrage bond” within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations implementing said Sections published in the Federal Register or with any other regulations implementing said Sections, and the City further covenants to comply with all other requirements to maintain continuously the Federal income tax exemption of interest on the Note.

SECTION 17. In the event any provision, section, sentence, clause, or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause, or part of this Ordinance, it being the intent of the City that such remainder shall be and shall remain in full force and effect.

SECTION 18. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

SECTION 19. This Ordinance shall be effective in accordance with the Debt Act.

DULY ENACTED AND ORDAINED, by the Council of the City of Williamsport,
Lycoming County, Pennsylvania, in lawful session duly assembled, this 21st day of January, 2016.

CITY OF WILLIAMSPORT,
Lycoming County, Pennsylvania

By: _____
(Vice) President of the Council
of the City

ATTEST:

City Clerk

(SEAL)

DULY EXAMINED AND APPROVED this 21st day of January, 2016.

Mayor of the City of Williamsport