

CITY OF WILLIAMSPORT, PA RESOLUTION

RESOLUTION # 8831

DATE 1-3-19

TITLE

RESOLUTION AUTHORIZING TAX AND REVENUE ANTICIPATION NOTE FOR 2019

WHEREAS, the City of Williamsport, of Lycoming County, Pennsylvania, hereinafter called the Local Government Unit, anticipates 2019 revenues as yet uncollected; and

WHEREAS, the said Local Government Unit has inadequate funds for 2019 expenditures; and

WHEREAS, the said Local Government Unit has determined that it is necessary to borrow for the purpose of meeting 2019 expenses by issuing a note to be repaid from said anticipated revenues; and

WHEREAS, M&T Bank has submitted to the said Local Government Unit a proposal to purchase a tax anticipation note of the Local Government Unit and the Local Government Unit desires by the adoption of this resolution to accept such proposal and authorize the issuance and sale of its tax and revenue anticipation note;

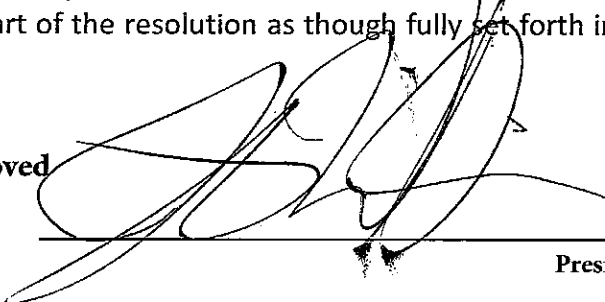
NOW THEREFORE, BE IT RESOLVED THAT:

- (1) The Local Government Unit hereby authorizes the issuance of a tax and revenue anticipation note in the amount of \$2,000,000 in anticipation of the receipt of 2019 taxes and revenues to be sold at private sale. This will be a revolving line of credit.
- (2) The note shall be in the denomination of \$2,000,000, shall be redeemable at any time at the option of the officers of the Local Government without penalty or premium, shall be fully registered without coupons, shall be dated on or after January 1, 2019, bear interest at a bank qualified tax-exempt variable rate (360/360-day basis) equal to the Daily LIBOR Rate plus a margin of 101 basis points and would equal an interest rate of 2.53% as of November 19, 2018, (interest rate to charged to the City shall not exceed 6.53% or fall below 2.53%), shall mature on December 31, 2019, and shall be payable at the Williamsport office of the Bank, shall be substantially in the form annexed to the resolution as Exhibit "A" and hereby made a part of the resolution as though fully set forth in its place.

Approved



City Clerk



President

CITY OF WILLIAMSPORT, PA RESOLUTION

RESOLUTION # 8831

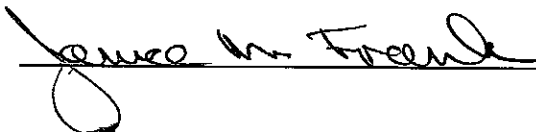
DATE 1-3-19

TITLE

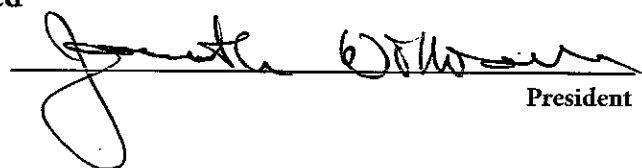
- (3) The proposal of M&T Bank to purchase the note dated November 19, 2018 is hereby accepted and shall be incorporated into the minutes of this meeting. A true and correct copy of said Proposal is attached hereto as Exhibit "B", and the appropriate executive officers are hereby authorized and directed to execute and deliver a duplicate original of the acceptance of said proposal to the Bank.
- (4) The Local Government Unit hereby pledges to the Bank and grants to the Bank a first lien and charge on its 2019 taxes and revenues to be received during the period when the note is outstanding to secure the payment of the indebtedness evidenced hereby and the interest thereon.
- (5) Payment of principal and interest shall be made on or before December 31, 2019.
- (6) The appropriate officers be and hereby are authorized and directed to execute and deliver on or after January 1, 2019, in the name of, on behalf of, and under the seal of, the Local Government Unit, the tax and revenue anticipation note in the form and containing terms described above, and the City Clerk of the Local Government Unit be and hereby is authorized and directed to attest the same.
- (7) The appropriate executive or fiscal officer be and hereby is authorized and directed to prepare or cause to be prepared and to file a Certificate as to Taxes and Revenues to be Collected as required by Section 8128 of the Local Government Unit Debt Act. A true and correct copy of said Certificate is attached hereto as Exhibit "C".
- (8) The executive officers of the Local Government Unit be and hereby are authorized and directed to perform all acts which are necessary and proper for the valid issuance and securing of the note.
- (9) The use of the funds shall be for general fund operating expenses and payroll. Any other use shall be subject to City Council approval.
- (10) City Council shall be notified of any draw down and repayment of funds.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand and affixed the seal of the Local Government Unit this 3rd day of January, 2019.

Approved



City Clerk



President

CERTIFICATION

I, Janice M. Frank, City Clerk of the City of Williamsport, hereby certify that the foregoing is a true and correct copy of a resolution, duly adopted by the majority vote of City Council City of Williamsport, at a meeting duly held on the 13th day of December, 2018, and that the minutes of said meeting showing how each member voted have been duly recorded in the official minutes of said Local Government Unit.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 3rd day of January, 2019.

City Clerk

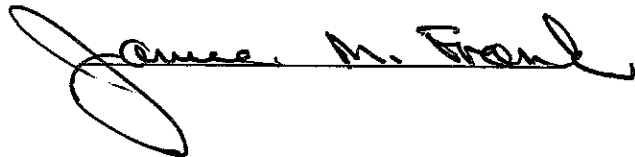
A handwritten signature in black ink, reading "Janice M. Frank". The signature is written in a cursive style with a large, looping initial "J" on the left side.

Exhibit A

**CITY OF WILLIAMSPORT
LYCOMING COUNTY
PENNSYLVANIA**

TAX ANTICIPATION NOTE

DATED: January 3, 2019

SERIES 1 OF 2019

\$2,000,000.00

The City of Williamsport, Lycoming County, Pennsylvania (hereinafter called "City"), intending to be legally bound, promises to pay to the order of M&T Bank (hereinafter called "Bank") at its office at 101 West Third Street, Williamsport, Pennsylvania, on or before December 31, 2019, \$2,000,000.00 dollars, in such coin or currency as at the place and time of payment is legal tender for the payment of public and private debts, together with interest thereon from the date hereof on the unpaid principal balance from time to time outstanding at a bank qualified tax-exempt variable rate (360/360-day basis) equal to the Daily LIBOR Rate plus a margin of 101 basis points and would equal an interest rate of 2.53% as of November 19, 2018 (the "Tax Exempt Rate"), (interest rate charged to the City shall not exceed 6.53% or fall below 2.53%) per annum.

On and after the occurrence of a Determination of Taxability (hereinafter defined), the City promises to pay interest on the unpaid principal balance of this Note at an annual rate equal to the Bank's taxable equivalent rate (the "Taxable Rate") as determined by the Bank. Notwithstanding the prepayment or repayment of this Note, the City also promises to pay, within fifteen (15) days after written notice from the Bank (i) additional interest, if any, in an amount which, together with

the interest actually received for the period commencing upon an Event of Taxability (hereinafter defined) and ending on the date of a Determination of Taxability, shall equal interest calculated on the various outstanding monthly principal balances under this Note during such period at the Taxable Rate, (ii) any deficiency (as defined in Section 6211 of the Code) assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is not exempt from income taxation under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability, and (iii) all other charges, costs, fees, penalties or assessments paid or payable by the Bank as the result of a Determination of Taxability. The Bank shall not have an obligation to contest a Determination of Taxability. Any notice from the Bank to the City shall be conclusive as to the occurrence of a Determination of Taxability or an Event of Taxability specified therein and as to the correctness of the amount of additional payments therein, absent manifest error.

“Determination of Taxability” means:

(a) the issuance by the Internal Revenue Service or the Pennsylvania Department of Revenue to the Bank or other holder of this Note of a letter proposing to assess a deficiency with respect to the interest on this Note, the receipt of which shall establish that an Event of Taxability with respect to the Note has occurred; or

(b) the delivery of written notice to the City by the Bank or other holder of this Note declaring that an Event of Taxability has occurred on a specified date (other than by reason of the event described in paragraph (a) above).

“Event of Taxability” means (i) a change in law or fact (or the interpretation thereof), (ii) the occurrence or recognition of a fact, circumstance or situation, (iii) a determination, regulation, ruling or decision issued or made in regard to Section 103 of the Code by any court or judicial or quasi judicial body or by the Commissioner or any District Director of the Internal Revenue Service, or (iv) the enactment of any legislation, which, with respect to any of the foregoing clauses (i), (ii), (iii), and (iv), recognized bond counsel selected by the Bank (which counsel may be the Bank’s counsel), is of the opinion requires the interest payable on this Note for either Federal or Pennsylvania purposes to be includable in the gross income of any person.

The City shall pay to the Bank a late charge for any payment of principal and/or interest not received by the Bank within fifteen (15) days of the due date in an amount equal to five percent (5.00%) of the amount of the delinquent installment of principal and/or interest or \$10.00, whichever is greater. The delinquency charge shall be paid promptly but only once for each delinquent payment.

Upon the occurrence of an Event of Default (as described herein), the City shall pay interest on the unpaid principal balance of this Note at the Default Rate.

For purposes hereof, the following terms shall have the following meanings:

“Default” means any Event of Default, and any event which with the passage of time or notice, or both, would become an Event of Default.

“Default Rate” means a rate per annum equal to the interest rate as then in effect on this Note plus 5.00%.

“Event of Default” shall have the meaning set forth herein under the heading “Events of

Default”.

This Note is issued under and in accordance with the Act, for the purpose of providing funds for current expenses payable in the current fiscal year in anticipation of the receipt of taxes and other revenues by the City from the date of original delivery of the Note to the stated maturity date thereof.

The City has pledged and granted (equally and ratably with all other tax and revenue anticipation notes issued by the City for the City’s 2019 fiscal year) to the Bank, as holder of the Note, a lien on, and security interest in, its taxes and revenues to be received by the City during the period when this Note is outstanding in order to secure the payment of the principal indebtedness evidenced hereby and the interest hereon. Such pledge, security interest, and lien are enforceable in the manner provided by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Act”).

In the Resolution, the City has covenanted that it will make no use of the proceeds of the Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause the Note to be an "arbitrage bond" or "private activity bond" as those terms are defined in Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder.

This Note has been designated in the Resolution by the City as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

The City agrees to provide to the Bank, (i) not later than 270 days after the end of each fiscal year of the City, financial statements of the City, and (ii) any other financial information or operating reports as reasonably requested by the Bank.

The City covenants and agrees with the Bank that it maintain a deposit relationship with the Bank during the term of this Note.

Events of Default. Any of the following events shall constitute an "Event of Default" under this Note:

(a) the nonpayment when due, after ten (10) days written notice or oral notice followed by written confirmation, of any amount payable under this Note or of any amount owed to the Bank with regard to this Note when due, or the failure of the City to observe or perform, after thirty (30) days written notice, any agreement of any nature whatsoever with the Bank, including but not limited to, those contained in the documents executed in connection with the issuance of this Note; provided that such thirty (30) day notice period shall not apply to events which, in the Bank's reasonable judgment, are not capable of being cured within thirty (30) days and the notice so provides;

(b) if the City becomes insolvent or makes an assignment for the benefit of creditors, or if any petition is filed against the City under any provision of any state or federal law or statute alleging that the City is insolvent or unable to pay its debts as they mature or under any provision of the Federal Bankruptcy Code, and the failure to cause the same to be discharged within ninety (90) days, or the City voluntarily files any petition for such purpose;

(c) the entry of any final, un-appealed and/or otherwise unchallenged judgment

in excess of \$500,000 against the City or any of the property of the City which remains unsatisfied for forty five (45) days;

(d) if any information or signature furnished to the Bank by the City at any time in connection with this Note is false or incorrect; or

(e) the failure of the City to furnish timely to the Bank such financial and other information as the Bank may reasonably request or require; and

(f) the City defaults in the payment of any amounts due under any other bond, note, contract, lease or obligation.

Remedies.

(a) At any time after occurrence of an Event of Default, the Bank may, at the Bank's option and sole discretion and without notice or demand, exercise any right or remedy as may be provided in this Note, the Resolution, any other writing delivered with this Note or which is provided at law or in equity.

(b) The interest rate on the unpaid principal balance of this Note shall accrue at the Default Rate from the date on which an Event of Default occurs until the date on which all defaults are cured or the entire unpaid principal balance and all other sums due under this Note are actually received by the Bank.

In any action under this Note, the Bank may recover all reasonable costs of suit and other expenses in connection with the action, including the cost of any attorneys' fees, paid or incurred by the Bank.

The rights and remedies provided to the Bank in this Note and in the Resolution, including

all warrants of attorney, (a) are not exclusive and are in addition to any other rights and remedies that the Bank may have at law or in equity, (b) shall be cumulative and concurrent, (c) may be pursued singly, successively or together against the City, and/or any of the security at the sole discretion of the Bank, and (d) may be exercised as often as occasion therefor shall arise. The failure to exercise or delay in exercising any such right or remedy shall not be construed as a waiver or release thereof.

The Bank shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Bank. Such a written waiver signed by the Bank shall waive the Bank's rights and remedies only to the extent specifically stated in such written waiver. A waiver as to one or more particular events or defaults shall not be construed as continuing or as a bar to or waiver of any right or remedy as to another or subsequent event or default.

The Bank shall have the right to exercise the remedies set forth in the Act. Any failure by the Bank to exercise any right or privilege hereunder shall not be construed as a waiver of the right or privilege to exercise such right or privilege, or to exercise any other right or privilege, at any other time, and from time to time, thereafter.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Resolution, against any member, officer or employee, past, present, or future, of the City or of any successor body, as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such

liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Note.

All acts, conditions and things required to be done or performed precedent to and in the issuance of this Note or in the creation of the obligation of which this Note is evidence have been done and performed as required by law.

Payment of this revolving line of credit evidenced hereby may be anticipated in whole or in part at any time from time to time without penalty or premium.


The indebtedness evidenced hereby is a borrowing in anticipation of current taxes and other current revenues to be received during the fiscal year ending December 31, 2019 and is to be repaid from revenues received by it during said fiscal year. The City may draw down on said line of credit, however, the balance due can not exceed 85% of anticipated revenues.

The Local Government Unit hereby pledges to the Bank and grants to the Bank a first Lien and charge on its taxes and revenues to be received during the period when the note is outstanding to secure the payment of the indebtedness evidenced hereby and the interest thereon.

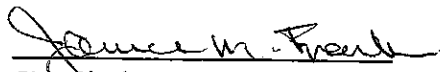
Payment of principal and interest shall be made on or before December 31, 2019.

IN WITNESS WHEREOF, the Local Government Unit has caused this tax and revenue anticipation note to be executed by its officers, its seal to be hereunto affixed, and the same to be attested by its City Clerk and this note to be delivered to the Bank this 3rd day of January, 2019.

CITY OF WILLIAMSPORT

By: 
Gabriel J. Campana, Ed.D., Mayor

ATTEST:


City Clerk

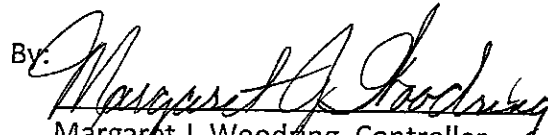
By: 
Margaret J. Woodring, Controller



Exhibit B

Manufacturers and Traders Trust Company
Government Banking
15 South Franklin Street, 7th Floor
Wilkes Barre, PA 18701
(570)821-7156 Fax (570) 821-8639
Email: rmcgowan@mtb.com
Ryan McGowan, Vice President

November 19, 2018

Mr. Joseph Pawlak
City of Williamsport
245 West Fourth Street
Williamsport, PA 17701

RE: 2019 Tax and Revenue Anticipation Note

Dear Mr. Pawlak,

Thank you for allowing M&T Bank (the "Bank") the opportunity to provide you a quote for the 2019 Tax and Revenue Anticipation Note (the "TAN") for the City of Williamsport, Lycoming County, PA (the "Borrower").

The attached summary includes only a brief description of the principal terms of the proposed TRAN. The definitive terms of the proposed Credit Facility will be more fully evidenced in our commitment letter and additional loan documentation including, but not limited to, a Note together with the other agreements, instruments, certificates and documents that M&T Bank may otherwise require.

The settlement of the proposed Credit Facility is subject to several conditions. After receiving the City's concurrence, the Bank will seek internal credit approval of the transaction. Upon Bank approval, definitive Note Documents will be prepared. This letter is subject to the statutory and other requirements by which M&T Bank is governed.

- 1) Amount of Note
Up to \$2,000,000.00
- 2) Term of Note
Funding – January 2, 2019
Maturity – On or before December 31, 2019
- 3) Type of Note
Tax and Revenue Anticipation Note-Revolving Line of Credit
Bank Qualified-Tax Exempt
- 4) Purpose
To provide cash flow relief for the City of Williamsport during the parts of 2019.
- 5) Rate of Interest Per Annum
The Note shall (subject to the following terms) bear interest on the outstanding principal balance at a bank qualified tax-exempt variable rate (30/360-day basis) equal to the Daily LIBOR Rate plus a margin of 101 basis points. As an indication, today this rate equals 2.53%. This rate can change daily based on the changes

in the daily LIBOR rate. The minimum this rate can decrease to is 2.53%. The maximum this interest rate can increase to is 6.53%.

If an Event of Default occurs, the interest rate on the unpaid principal shall immediately be automatically increased to five (5) percentage points per year above the otherwise applicable rate per year, and any judgment entered hereon or otherwise in connection with any suit to collect amounts due hereunder shall bear interest at such default rate.

If interest payable on the note is determined at any point during the term of the loan to not be "Bank Qualified Tax-Exempt" or it is determined that the note served as an arbitrage note under Federal Law, the note will reset to its taxable equivalent rate, and the Borrower will pay to the bank the difference between the amount of interest which the bank should have received at the "Taxable Rate" and the actual amount of interest paid. The Borrower will also pay any and all interest and penalties assessed.

6) Repayment Terms

Principal and interest paid at maturity – December 31, 2019.

7) Security

The Note shall be general credit obligations of the City and together with any other tax and revenue anticipation notes issued, or to be issued, by the City during the City's fiscal year ending on December 31, 2019, shall, upon issuance thereof, be equally and ratably secured by a pledge of security interest in and a lien and charge on the taxes and other revenues to be received by the City during the period when the Note is outstanding.

8) Covenants

The Borrower will be required to submit to the bank its financial reports within 180 days from the close of the Borrower's fiscal year.

The Borrower shall have delivered to M&T Bank, sufficiently in advance of closing, all documentation and other information required by M&T Bank in accordance with all applicable banking laws and regulations in effect from time to time, including, without limitation, the USA PATRIOT Act. Any failure by Borrower or any necessary third party to deliver to M&T Bank, in a timely manner, any material information requested, or any misrepresentation or inaccuracy with respect to any such information received, or if M&T's Bank due diligence reveals that opening the accounts contemplated herein would potentially violate M&T's Bank regulatory compliance policies or applicable law, shall permit M&T Bank, in its sole discretion, to withdraw and/or cancel this financing proposal/offer without liability, and retain all fees.

9) Conditions

The Borrower will provide the approved 2019 budget in a timely fashion to M&T Bank.

The Borrower will provide verification the 2018 Tax and Revenue Anticipation Note is paid in full prior to closing on the 2019 Tax and Revenue Anticipation Note.

10) Deposit Relationship

The Borrower shall agree to maintain a depository account with the Bank while the Note is outstanding.

11) Prepayment Privileges

Borrower will have the option to prepay the outstanding principal of the note at any time without any prepayment penalties.

12) Fees and Expenses

The standard review fee will be waived for this financing for the necessary legal documentation associated with the borrowing.

If closing does not take place, all costs and expenses shall be payable upon demand. The Borrower agrees to indemnify the bank against any and all claims, which may be incurred in connection with this borrowing.

13) Preparation of Documents

The Bank shall be listed as "Manufacturers and Traders Trust Company" in all documentation prepared by the Bank's legal counsel and delivered to the Bank at least seven days prior to closing for document review.

- Original Executed Commitment Letter
- Original Executed Tax and Revenue Anticipation Note
- Original Executed Authorizing Resolution
- Original Executed Secretary's Certificate
- Certification of Tax and Revenue to be Collected during the term of the note
- Original Executed Legal Opinion Letter as noted
- Internal Revenue Service Form 8038G as required
- Evidence of appropriate DCED filing

14) Opinion of Counsel

An opinion of legal counsel shall be delivered in a form satisfactory to the bank evidencing the fact that this borrowing is bank qualified tax-exempt under all applicable laws of the Commonwealth of Pennsylvania and the United States of America; that this note is not an Arbitrage Bond; the Borrower is a valid and binding obligation of the Borrower.

15) Acceptance to advance

The above terms and conditions are intended to serve as an outline which may be negotiated and is intended for discussion purposes.


The above terms and conditions are intended to serve as an outline to support discussions of financing which may be available for the Borrower. This outline is not a commitment or an offer to provide credit accommodations and does not create any obligation on the part of the Bank. This outline is only a brief description of the principal terms of credit facility, which may be available and is intended for discussion purposes only.

On behalf of Manufacturers and Traders Trust Company, we are pleased to be of assistance to the City of Williamsport on the 2019 Tax and Revenue Anticipation Note

During a turbulent economic period, M&T Bank remains focused on its community banking roots. We recognize the importance to reliability, accuracy, and responsiveness to the City of Williamsport. Our commitment to our customers is unwavering during this challenging economic environment.

Should you have any questions, please do not hesitate to contact me at 570-821-7156.

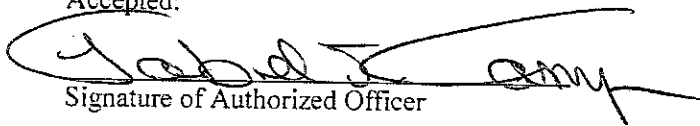
Sincerely,



Bryan McGowan
Government Banking Division
Vice President

Please complete the necessary the due diligence and seek

Accepted:



Signature of Authorized Officer

Mayor
Title of Signer

1/3/2019
Date

Exhibit C

CERTIFICATE OF TAXES AND REVENUES TO BE COLLECTED

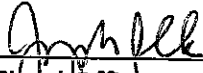
Pursuant to Section 8126 of the Local Government of Unit Debt Act, the executive officers of the City of Williamsport, Lycoming County, Pennsylvania (hereinafter called "Local Government Unit") hereby certify that:

1. The undersigned have carefully estimated that the following amounts of moneys will be received from taxes presently levied and assessed, and other revenues to be received (including subsidies and reimbursements) during the following months in the fiscal year ending December 31, 2019.

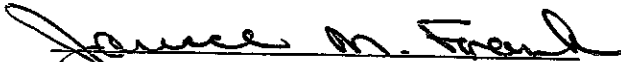
DATE	AMOUNT
January	\$1,004,000
February	\$885,000
March	\$1,618,000
April	\$3,460,000
May	\$9,201,000
June	\$1,117,000
July	\$2,028,000
August	\$646,000
September	\$1,944,000
October	\$739,000
November	\$704,000
December	\$674,000
Total	\$24,020,000

2. In making the foregoing estimate, the undersigned have considered the past and anticipated collection experience of the Local Government Unit and current economic conditions.
3. The amount of the borrowing pursuant to tax and revenue anticipation notes in the abovementioned fiscal year, including the current obligation, does not exceed 85% of the sum of the revenues.

IN WITNESS WHEREOF, the undersigned have set their hands this 3rd day of January, 2019.



Budget & Fiscal Officer



City Clerk



CITY OF WILLIAMSPORT

OFFICE OF FINANCE & BUDGET

MEMORANDUM

TO: Members, Williamsport City Council

FROM: William Nichols, Jr., Director of Finance

RE: Resolution Authorizing Tax and Revenue Anticipation Note for 2019

DATE: December 28, 2018

Attached for your consideration is a resolution authorizing the 2019 Tax and Revenue Anticipation Note. The resolution allows the City of Williamsport to issue a tax and revenue anticipation note in the amount of \$2,000,000 and to accept a proposal from M & T Bank to purchase said note. This note maintains an adequate level of borrowing that the Administration considers necessary to support operating expenses until tax revenues are received in March/April each year.

The 2019 interest rate will be a bank qualified tax-exempt variable rate based upon the Daily LIBOR Rate plus a margin of 101 basis points which is equal to an interest rate of 2.53% as of November 19, 2018. The interest rate will be adjusted daily; however, the interest rate for the City would never exceed 6.53% or fall below 2.53%. As a comparison with the previous TRAN rates, at the time of acceptance, the 2018 and 2017 interest rates were 2.20 % and 2.44%, respectively.

In addition to the resolution, attached is the following documentation:

- Exhibit A – The City of Williamsport’s Tax and Revenue Anticipation Note (Series 1 of 2019).
- Exhibit B – M & T Bank’s proposal to purchase the City of Williamsport’s Tax and Revenue Anticipation Note.
- Exhibit C – Certification of Taxes and Revenues to be collected.

This Tax and Revenue Anticipation Note is necessary to provide adequate cash flow until revenues from taxes and other sources are sufficient to cover the City’s 2019 budgeted expenses. It should be noted that this line of credit must be fully satisfied by December 31, 2019 along with Council being notified of all draw-downs and repayments of funds.

Should you have any questions or need additional information; please feel free to contact me at (570) 220-2500 or Joe Pawlak at (570) 419-6556.

CITY HALL • 245 WEST FOURTH STREET • WILLIAMSPORT, PA 17701
PHONE (570) 327-7570 • FAX (570) 327-7525
www.cityofwilliamsport.org