

Council of the City of York, Pennsylvania  
Session 2017  
Bill No. 35  
Ordinance No. 31

Introduced By: Michael Ray Helfrich



Date: December 5, 2017

AN ORDINANCE

Of the City Council of the City of York, York County, Pennsylvania, authorizing an Eighth Supplemental Lease to be dated on or about December 28, 2017, amending an original Lease of September 15, 1987, as supplemented, under which the Sewer System owned by the York City Sewer Authority is leased to this City for operation and use; approving a Guaranty Agreement guaranteeing payment of said Authority's Guaranteed Sewer Revenue Bonds, Series of 2017; directing execution, acknowledgement and delivery of an Eighth Supplemental Lease and Guaranty Agreement on behalf of this City and consenting to Assignment of the said Eighth Supplemental Lease by said Authority; approving the preparation of certain engineering reports and authorizing certain applications to the Pennsylvania Department of Community and Economic Development and directing other necessary and proper action to effectuate the purposes hereof.

WHEREAS, York City Sewer Authority (the "Authority") has acquired and constructed a sanitary sewage collection and transmission system (the "Sewer System"), including related and necessary facilities, for rendering sewage service in and for the City of York (the "City"), and all or certain portions of North York Borough, West York Borough, Manchester Township, West Manchester Township, Spring Garden Township, Springettsbury Township and York Township (the "Municipalities"); and

WHEREAS, the Authority has issued its Guaranteed Sewer Revenue Bonds, Series of 1987, dated as of September 15, 1987 (the "1987 Bonds"), under a Trust Indenture dated as of September 15, 1987, and has issued its Guaranteed Revenue Bonds, Series of 1990, dated December 20, 1990 (the "1990 Bonds") under a First Supplemental Indenture dated December 20, 1992, and has issued its Guaranteed Sewer Revenue Bonds, Series of 1992, dated December 1, 1992 (the "1992 Bonds") under a Second Supplemental Indenture dated December 1, 1992, and has issued its Guaranteed Sewer Revenue Bond, Series of 2007, dated April 10, 2007 (the "2007 Bond") under a Fourth Supplemental Indenture dated April 10, 2007 and has issued its Guaranteed Sewer Revenue Bond, Series of 2008 (the "2008 Bond") under a Sixth Supplemental Indenture dated July 2, 2008 and has issued its Guaranteed Sewer Revenue Bonds, Series of 2010, dated May 25, 2010 (the "2010 Bonds") under a Seventh Supplemental Indenture dated May 25, 2010 and has issued its Guaranteed Sewer Revenue Bonds, Series A of 2010, dated September 22, 2010 (the "2010 A Bonds") under an Eighth Supplemental Indenture dated September 22, 2010 and has issued its Guaranteed Sewer Revenue Bond, Series of 2011, dated March 25, 2011 (the "2011 Bond") under a Ninth Supplemental Indenture dated March 25, 2011 (collectively the 1987 Bonds, 1990 Bonds, 1992 Bonds, 2007 Bond, 2008 Bond, 2010 Bonds, 2010 A Bonds and 2011 Bond are referred to herein as the "Prior Bonds") between the Authority and Manufacturers and Traders Trust Company (the "Trustee"), York, Pennsylvania, as Trustee; and

WHEREAS, the Authority entered into a Lease, a First Supplemental Lease, a Second Supplemental Lease, a Third Supplemental Lease, a Fourth Supplemental Lease, a Fifth Supplemental Lease, a Sixth Supplemental Lease and a Seventh Supplemental Lease (collectively, the "Lease") with the City, complying with certain requirements set forth in the Indenture, and assigned the Lease and the net rentals payable thereunder to the Trustee; and

WHEREAS, the Authority, pursuant to powers vested in it by the Municipality Authorities Act of 1945, as amended and supplemented, and pursuant to a study conducted by its financial advisor, has determined to undertake the Refunding Project (defined below); and

WHEREAS, the Authority desires to provide funds for the Refunding Project, which shall reduce the total debt service over the life of the 2010 Bonds, and has determined to pay related costs and expenses by sale of its Guaranteed Sewer Revenue Bonds, Series of 2017, in the aggregate principal amount not to exceed \$29,985,000 to be dated on or about December 28, 2017 (the "2017 Bonds"), issued under the Thirteenth Supplemental Indenture, which Thirteenth Supplemental Indenture provides for the Refunding Project; and

WHEREAS, the proceeds from the sale and issuance of the 2017 Bonds are to be used, together with money and funds otherwise available for the purposes, if any, for and toward payment of all costs and expenses of a project consisting of: (i) the advance refunding of the outstanding 2010 Bonds (the "Refunding Project"); and (ii) the payment of the costs and expenses associated with the issuance and insurance of the 2017 Bonds; and

WHEREAS, the Indenture provides that the Authority, prior to issuance of the 2017 Bonds, shall enter into a Supplemental Lease (the "Eighth Supplemental Lease") with the City, which shall comply with certain requirements set forth in the Indenture, and shall assign the Eighth Supplemental Lease and the net rentals payable thereunder to the Trustee, and further provides that the City enter into a Guaranty Agreement (the "Guaranty Agreement") with the Trustee, which shall be dated on or about December 28, 2017, wherein it guarantees payment of the principal of and interest on the 2017 Bonds, as more fully stated in the Guaranty Agreement.

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

**SECTION 1:** This City, as Lessee, shall enter into an Eighth Supplemental Lease, to be dated on or about December 28, 2017, with the Authority, as Lessor, referred to in Section 2, and a Guaranty Agreement to be dated on or about December 28, 2017, guaranteeing the payment of principal of and interest on the 2017 Bonds and replenishment of the Debt Service Reserve Fund, and hereby authorizes and approves (a) the assignment of the Eighth Supplemental Lease by the Authority to the Trustee (b) the preparation of a report of the consulting engineers for the exclusion of self-liquidating debt (the "Engineering Report"), and (c) the filing of such Engineering Report and preparation and filing of the debt statement, borrowing base certificate and application for exclusion (the "DCED Application") with the Pennsylvania Department of Community and Economic Development ("DCED") for approval of the execution and delivery of the Eighth Supplemental Lease by the City and for the exclusion of the debt from the "debt" of this City, as defined in the Local Government Unit Debt Act in accordance with Section 206 thereof.

The refunding of the 2010 Bonds is authorized and permitted under Section 8241(b)(1) of the Act.

The Eighth Supplemental Lease shall be for a term ending December 1, 2027, shall provide for payment of net annual rentals by this City in the amount of 105% of debt service on the 2017 Bonds, and shall set forth certain additional covenants and agreements to be observed by the Authority and this City.

**SECTION 2:** The Eighth Supplemental Lease (including the assignment thereof to the Trustee) and Guaranty Agreement shall be substantially in the form presented to this meeting, which form is approved by the Council of the City; provided, however, that amendments thereto, not inconsistent therewith, may be approved by the Mayor prior to the execution thereof. Such execution shall be conclusive evidence of approval thereof. A copy of the form of Eighth Supplemental Lease and Guaranty Agreement approved by this Ordinance shall be filed with the City Clerk of the City and shall be made available for inspection at reasonable times by interested persons requesting such inspection. The Eighth Supplemental Lease and Guaranty Agreement shall provide for payment of debt service on the 2017 Bonds to be issued in the aggregate principal amount not to exceed \$29,985,000. Lease rentals related to the 2017 Bonds shall be paid from various revenues collected in connection with the Sewer System and, if necessary, current revenues of the City ranging from \$2,189,167.50 to \$6,576,200.00 yearly. A copy of the proposed maximum debt service schedule for the 2017 Bonds and as guaranteed by the City is attached hereto, incorporated herein and marked Exhibit "A".

Pursuant to the Guaranty Agreement, the City hereby covenants with the owners of the 2017 Bonds that it shall unconditionally guarantee, among other things, the payment of the principal of and interest on the 2017 Bonds when the same shall become due and payable and replenishment of the Debt Service Reserve Fund of the Indenture and shall include the amount of such payments in its annual budget in the year in which such payments are reasonably expected to be payable, and for such guarantee the City hereby pledges its full faith, credit and taxing power to the benefit of the holders of the 2017 Bonds.

**SECTION 3:** The Mayor, Clerk and City Controller are authorized and directed, on behalf of the City, to (a) execute, attest, acknowledge and deliver the Eighth Supplemental Lease and Guaranty Agreement, (b) deliver the Engineering Report to DCED, and (c) prepare, certify, execute, attest, deliver, and file the DCED Application.

**SECTION 4:** The City finds the remaining useful life of the original Capital Project funded by the 2010 Bonds to be at least thirteen (13) years and at least the term of the Eighth Supplemental Lease and Guaranty Agreement.

**SECTION 5:** The proper officers of this City are directed to make, execute and deliver all documents, instruments and writings and to do all other acts as may be necessary and proper to carry out the purposes, terms and conditions of this Ordinance and all of the undertakings of this City under the Eighth Supplemental Lease and Guaranty Agreement.

**SECTION 6:** The proper officers of this City are authorized and directed, on behalf of the City, to review and approve information concerning the City and description of documents to be executed by the City, to be described in the Preliminary Official Statements and Official Statement for the 2017

Bonds, and the preparation, approval and distribution of Preliminary Official Statements and Official Statement related to the 2017 Bonds.

**SECTION 7:** In accordance with Rule 15c2-12, the City hereby covenants, with and for the benefit of the holders and beneficial owners (which shall include any person or entity that has a pecuniary interest in any of the Bonds) from time to time of the Bonds, to provide to each nationally recognized municipal securities information repository (within the meaning of Rule 15c2-12) and to the appropriate state information repository (within the meaning of Rule 15c2-12) in the Commonwealth, if any, on an annual basis, the information set forth in that certain continuing disclosure certificate (the "Continuing Disclosure Certificate") to be executed and delivered by the City. The proper officers of the City are authorized to execute and deliver such Continuing Disclosure Certificate containing such provisions as are deemed necessary or appropriate by counsel to the Underwriter, Bond Counsel and the Solicitor to the City and as are approved by either such officer executing such document, the approval of such Continuing Disclosure Certificate to be evidenced by the execution thereof by such officer of the City.

**SECTION 8:** The debt authorized hereby shall be Lease Rental Debt within the meaning of Act No. 185 of July 12, 1972, P.L. 781, as amended and re-enacted by Act No. 52 of April 28, 1978.

**SECTION 9:** The City hereby authorizes and approves, if necessary, the issuance of the 2017 Bonds on separate dates. In such event, the authorization provided herein shall include the direction to make, execute and deliver separate and distinct documents, instruments and writings, including, but not limited to, subsequent supplements to the Lease and Indenture and a separate Guaranty Agreement for both the 2017 Bonds as if separately approved hereunder.

**SECTION 10:** If any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect nor impair any remaining provision, section, sentence, clause or part of this Ordinance.

**SECTION 11:** It is declared that enactment of this Ordinance is necessary for the protection, benefit and preservation of the health, safety and welfare of inhabitants of this City.


**SECTION 12:** All other Ordinances or parts thereof inconsistent herewith shall be and the same hereby are expressly repealed.

**SECTION 13:** This Ordinance shall become effective in accordance with law.

PASSED FINALLY: December 8, 2017 BY THE FOLLOWING VOTE:

YEAS: Ritter-Dickson Nixon Helfrich - 3, \_\_\_\_\_

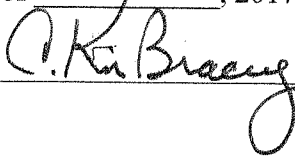
NAYS: None, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

  
\_\_\_\_\_  
PRESIDENT OF COUNCIL

ATTEST:

  
\_\_\_\_\_  
CITY CLERK

Presented to the Mayor for approval this 8th day of December, 2017.

APPROVED 12/8/17 \_\_\_\_\_   
MAYOR

VETOED \_\_\_\_\_ \_\_\_\_\_  
MAYOR

York City Sewer Authority  
 Guaranteed Sewer Revenue Bonds, Series of 2017  
 Parameters Numbers

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
12/1/2017					
6/1/2018			764,617.50	764,617.50	
12/1/2018	525,000	6.000	899,550.00	1,424,550.00	2,189,167.50
6/1/2019			883,800.00	883,800.00	
12/1/2019	525,000	6.000	883,800.00	1,408,800.00	2,292,600.00
6/1/2020			868,050.00	868,050.00	
12/1/2020	875,000	6.000	868,050.00	1,743,050.00	2,611,100.00
6/1/2021			841,800.00	841,800.00	
12/1/2021	900,000	6.000	841,800.00	1,741,800.00	2,583,600.00
6/1/2022			814,800.00	814,800.00	
12/1/2022	3,140,000	6.000	814,800.00	3,954,800.00	4,769,600.00
6/1/2023			720,600.00	720,600.00	
12/1/2023	5,135,000	6.000	720,600.00	5,855,600.00	6,576,200.00
6/1/2024			566,550.00	566,550.00	
12/1/2024	5,245,000	6.000	566,550.00	5,811,550.00	6,378,100.00
6/1/2025			409,200.00	409,200.00	
12/1/2025	5,375,000	6.000	409,200.00	5,784,200.00	6,193,400.00
6/1/2026			247,950.00	247,950.00	
12/1/2026	5,520,000	6.000	247,950.00	5,767,950.00	6,015,900.00
6/1/2027			82,350.00	82,350.00	
12/1/2027	2,745,000	6.000	82,350.00	2,827,350.00	2,909,700.00
Totals	29,985,000		12,534,367.50	42,519,367.50	42,519,367.50

EXHIBIT A