

SPECIAL COUNCIL MEETING JUNE 2, 2014

A meeting of the Lancaster City Council was held on Tuesday, June 2, 2014 in Council Chambers, Southern Market Center, 100 South Queen Street, Lancaster, PA, at 6:00 p.m., with President Graupera presiding.

Council led the assembly in the Pledge of Allegiance.

Present – Mr. Reichenbach, Mr. Roschel, Mr. Soto, Ms. Williams,
Ms. Wilson, President Graupera – 6

Excused – Ms. Sorace – 1

Administration Bill No. 7-2014 was read by the City Clerk as follows:

AN ORDINANCE AUTHORIZING THE INCURRENCE OF NON-ELECTORAL DEBT OF THE CITY OF LANCASTER, LANCASTER COUNTY, PENNSYLVANIA (THE “CITY”), BY THE ISSUANCE OF \$42,490,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES OF 2014 (THE “BONDS”), ISSUED FOR THE PURPOSE OF FINANCING (1) IMPROVEMENTS AND UPGRADES TO THE CITY’S WATER TREATMENT AND DISTRIBUTION FACILITIES, AS DESCRIBED ON EXHIBIT A HERETO, (2) IMPROVEMENTS AND UPGRADES TO THE CITY’S WASTEWATER TREATMENT AND COLLECTION FACILITIES, AS DESCRIBED ON EXHIBIT A HERETO, (3) IMPROVEMENTS AND UPGRADES TO THE CITY’S STORMWATER SYSTEM, AS DESCRIBED ON EXHIBIT A HERETO, (4) OTHER CAPITAL PROJECTS SET FORTH ON EXHIBIT A HERETO, (5) OTHER MISCELLANEOUS CAPITAL PROJECTS WHICH MAY, BY RESOLUTION OF THE CITY COUNCIL, OR IN LIEU OF RESOLUTION BY ENACTMENT OF AN ORDINANCE OF THE CITY IN CONNECTION WITH ITS CAPITAL BUDGET, HEREAFTER BE APPROVED, (6) CAPITALIZED INTEREST ON THE BONDS; AND (7) PAYING ISSUANCE COSTS IN CONNECTION WITH THE BONDS; STATING THAT REALISTIC COST ESTIMATES HAVE BEEN MADE FOR THE CAPITAL PROJECTS AND STATING THE ESTIMATED PROJECT COMPLETION DATE; STATING THE REALISTIC ESTIMATED USEFUL LIFE OF THE PROJECT FOR WHICH SAID BONDS ARE ISSUED; AWARDING SUCH BONDS AT A SALE BY INVITATION AND STATING THAT SUCH SALE IS IN THE BEST FINANCIAL INTEREST OF THE CITY; PROVIDING FOR FULLY REGISTERED BONDS, DATE OF

THE BONDS, INTEREST PAYMENT DATES, PROVISIONS FOR REDEMPTION AND STATED PRINCIPAL MATURITY AMOUNTS AND FIXING THE RATES OF INTEREST ON SUCH BONDS AND PROVIDING FOR BOOK-ENTRY ONLY BONDS; APPROVING THE FORM OF THE BONDS, PAYING AGENT'S AUTHENTICATION CERTIFICATE AND ASSIGNMENT AND PROVIDING FOR CUSIP NUMBERS TO BE PRINTED ON THE BONDS; PROVIDING FOR THE REGISTRATION, TRANSFER AND EXCHANGE OF BONDS; COVENANTING THAT THE CITY SHALL INCLUDE THE AMOUNT OF ANNUAL DEBT SERVICE IN ITS BUDGET FOR EACH FISCAL YEAR; UNDERTAKING CERTAIN TAX COVENANTS WITH REGARD TO THE BONDS; 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; DIRECTING THE APPROPRIATE OFFICERS OF THE CITY TO PREPARE, CERTIFY AND FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT THE REQUIRED DEBT STATEMENT, BORROWING BASE CERTIFICATE, AND OTHER NECESSARY PROCEEDINGS; AUTHORIZING THE APPROPRIATE OFFICERS OF THE CITY TO CONTRACT WITH A BANK OR BANK AND TRUST COMPANY FOR ITS SERVICES AS SINKING FUND DEPOSITORY, PAYING AGENT AND REGISTRAR AND STATING A COVENANT AS TO PAYMENT OF PRINCIPAL AND INTEREST WITHOUT DEDUCTION FOR CERTAIN TAXES; CREATING A SINKING FUND AND APPROPRIATING ANNUAL AMOUNTS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS; PROVIDING FOR THE EXECUTION, DELIVERY AND AUTHENTICATION OF BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING AND DIRECTING THE APPROPRIATE OFFICERS OF THE CITY TO PAY ISSUANCE COSTS; AUTHORIZING AND DIRECTING THE PREPARATION AND FILING OF SELFLIQUIDATING DEBT REPORTS AS TO PORTIONS OF THE DEBT INCURRED HEREBY, AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY SUCH PORTIONS OF THE DEBT INCURRED HEREBY FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT OF THE CITY AS SELFLIQUIDATING; AUTHORIZING AND DIRECTING THE

APPROPRIATE OFFICERS OF THE CITY TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING INCIDENTAL ACTIONS; RESCINDING INCONSISTENT RESOLUTIONS; AND STATING THE EFFECTIVE DATE.

Councilman Reichenbach made the motion to approve and Councilman Roschel seconded.

Councilman Roschel made a motion to amend Bill No. 7-2914 as follows:

“Bond Counsel has provided each of us with a black-lined version of the Ordinance authorizing and directing the issuance of the City of Lancaster, General Obligations Bonds, Series of 2014 in an aggregate principal amount of \$42,490,000. Such Ordinance was introduced as Administration Bill No. 7-2014 before this Council on May 27, 2014.

I hereby move to amend the Ordinance labeled Bill No. 7-2014 to include the additions, deletions and other changes reference on such black-lined version of the Ordinance, which will be re-worded with the minutes of this meeting and which can be summarized as follows:

1. In the fourth line of the heading, inserting the Ordinance number 7 in the blank where indicated;
2. In the fifth line of the heading, inserting the Bill number 7 in the blank where indicated;
3. In the Ordinance title, inserting \$42,490,000 as the principal amount of Bonds to be issued;
4. Inserting into the second Whereas clause, the amount of \$42,490,000;
5. In Section 1 of the Ordinance, inserting the amount of \$42,490,000 as the amount of Bond Indebtedness Authorized by the Ordinance;
6. In Section 11 of the Ordinance, inserting Robert W. Baird & Co., Inc. as the Purchaser of the Bonds, inserting \$42,490,000 as the bid price for the Bonds, inserting \$1,131,109.30 as net original issue premium, inserting \$43,621,109.30 as the total purchase price of the Bonds, and inserting 3.000% and 5.000% as the range interest rates on the Bonds;
7. On Exhibit A, attaching the final schedule of Capital Projects authorized to be financed with proceeds of the Bonds;
8. On Exhibit B, Form of Bond, on page B-2, in the seventh paragraph, inserting \$42,490,000 as the principal amount of Bonds to be issued;

9. On Exhibit B, Form of Bond, on page B-5 completing the Optional Redemption provisions by inserting November 1, 2024 as the maturity date of the Bonds subject to optional redemption, and May 1, 2024 as the optional call date;

10. On Exhibit B, Form of Bond, on page B-5, completing the Mandatory Redemption provisions by inserting November 1 of the years 2026, 2037, 2041 and 2044 as the maturity dates of the Bonds subject to mandatory redemption, inserting November 1 as the month and day for the such mandatory redemption, and completing the mandatory redemption schedules, all in the form as provided to each of us as members of the City Council, and the City Clerk.

11. On Exhibit C, Maturity Schedule, insert the principal amounts, interest rates, effective yields to maturity, and maturity dates, to complete the Maturity Schedule, all in the form as provided to each of us as members of City Council, and the City Clerk.

12. On Exhibit C, Maturity Schedule, completing the Optional Redemption provisions by inserting November 1, 2024 as the maturity date of the Bonds subject to optional redemption, and May 1, 2024 as the optional call date;

13. On Exhibit C, Maturity Schedule, completing the Mandatory Redemption provisions by inserting November 1, of the years 2026, 2037, 2041 and 2044 as the maturity dates of the Bonds subject to mandatory redemption, inserting November 1 as the month and day for the such mandatory redemption, and completing the mandatory redemption schedules, all in the form as provided to each of us as members of City Council, and the City Clerk.

14. On Exhibit D, Invitation to Bid, a copy of the accepted proposal of the Bond Purchaser has been attached to the Ordinance as Exhibit D; and

15. On Exhibit E, Annual Amounts Appropriated to Sinking Fund, inserting the years and amounts to complete the Sinking Fund appropriation schedule, all in the form as provided to each of us as members of City Council, and the City Clerk.

Councilman Reichenbach seconded the motion.

Mr. Hopkins stated that he sent out the amended project list that included the Public Art Project added to it, as was approved last week at the Committee meeting. That is attached to the final ordinance.

He stated that they do the bond auctions with bond insurance and without bond insurance.[DS1] In 2011, the bond issue that we did was just about for the same amount of money as this. The bond insurance at that time cost about a half a million dollars. The bond insurance this time around, mainly driven by the fact that there is another insurer in the market, was \$48,000. Already we started off with a significant savings before we went to auction. One nice piece of good news. The second piece of good news, is that we had 7 bidders and a total of 22 bids during the auction which lasted all of 16 minutes and 22 seconds. The low bidder came in at 3.76 percent, total interest cost. A really phenomenal interest rate, both compared to the original projections that Darryl had which was based on where the market has been for the last

couple of months and certainly much better than the 2011 bond issue that we did, which was 4.56%.

On the flip side, we looked at how much additional principal could we get for projects and pay the same annual debt service as we originally presented. And that number for the Water Fund is \$1,866,824.00. So we can fund almost \$1.9 million for water projects and pay the same debt service as originally presented. In the Sewer Fund the increase in principal is about \$416,000 and the General Fund the increase in principal is about \$395,000. So essentially we can finance about \$2,677,000 more dollars and pay the same debt service that we were able to get during that auction. The decision we made was to go for the additional principal amount. We are trying as much as possible to fill those gaps in funding. This is the way to do it, to get an additional \$2.7 million of funding at the exact same annual debt service that we presented to Council last week.

Daryl Peck stated that he has put before Council the offering statement which is the prospectus used to purchase the bonds. It will be finalized during the next week. It was a very good day in the market for the City of Lancaster. The City had its bond rating affirmed at A-1 for sound fiscal management and a strong financial position. He commended the City for this and stated that it is reflected in the rate the City gets.

He discussed the results of Internet Bond Sale, which was distributed to Council,.

City Council approved the motion to amend Bill No. 7-2014 by a unanimous roll call vote.

City Council approved Administration Bill No. 7-2014 by a unanimous roll call vote, and it shall hereinafter be known as Administration Ordinance No. 7-2014.

Councilman Reichenbach made the motion to adjourn and Councilwoman Wilson seconded.

The meeting was adjourned at 6:35 p.m.

John E. Graupera, President

Attest:

City Clerk