

**CITY OF LANCASTER  
LANCASTER COUNTY, PENNSYLVANIA**

**FILE OF THE CITY CLERK**

**ADMINISTRATION ORDINANCE NO. 16 - 2015**

**ADMINISTRATION BILL NO. 16 - 2015**

**INTRODUCED - NOVEMBER 10, 2015**

**ADOPTED BY COUNCIL – NOVEMBER 24, 2015**

**AN ORDINANCE APPROVING A CERTAIN PROJECT BEING UNDERTAKEN BY THE CITY OF LANCASTER REVITALIZATION AND IMPROVEMENT ZONE AUTHORITY (THE “AUTHORITY”) CONSISTING OF, *INTER ALIA*, THE FINANCING OF A CAPITAL PROJECT BY THE AUTHORITY; STATING THE REALISTIC ESTIMATED USEFUL LIFE OF THE PROJECT FOR WHICH THE AUTHORITY’S TAX REVENUE BOND IS ISSUED AND SETTING FORTH THE ESTIMATED COMPLETION DATE FOR THE PROJECT; AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT BY THE CITY EVIDENCED BY THE GUARANTY AGREEMENT, AS SUCH TERM IS DEFINED HEREIN, IN CONNECTION WITH SUCH TAX REVENUE BOND BEING ISSUED BY THE AUTHORITY; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO PREPARE, CERTIFY AND FILE WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, WITH A CERTIFIED COPY OF THIS ORDINANCE AND PROOFS OF PUBLICATION, AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, AND TO PAY ANY NECESSARY FILING FEES; APPROVING THE FORM OF GUARANTY AGREEMENT AMONG THE CITY, THE AUTHORITY AND THE BANK, AS SUCH TERM IS DEFINED HEREIN, AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; STATING THE MAXIMUM ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST TO BE PAID UNDER THE GUARANTY AGREEMENT, COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY THEREFOR; SETTING FORTH CERTAIN CONDITIONS TO THE EXECUTION AND DELIVERY OF THE GUARANTY AGREEMENT, INCLUDING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A REIMBURSEMENT AGREEMENT WITH THE CITY; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO TAKE OTHER APPROPRIATE AND INCIDENTAL ACTION; REPEALING ALL ORDINANCES AND RESOLUTIONS INCONSISTENT HERewith; AND STATING THE EFFECTIVE DATE.**

**WHEREAS**, the City of Lancaster Revitalization and Improvement Zone Authority (the “Authority”) is a body corporate and politic existing under the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §5601 *et seq.*, as amended (the “Authorities Act”); and

**WHEREAS**, the City of Lancaster (the “City”) is a third class city and a duly organized and validly existing political subdivision of the Commonwealth of Pennsylvania (the “Commonwealth”), and is a “local government unit” under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. §8001 *et seq.*, as amended (the “Debt Act”); and

**WHEREAS**, the Authority was organized by the City as a “contracting authoring” in accordance with the provisions of the City Revitalization and Improvement Zone legislation, Act of Jul. 9, 2013, P.L. 270, 72 P.S. §8801-C *et seq.* (the “CRIZ Act”); and

**WHEREAS**, the Authority, as a “contracting authority,” is authorized by the Authorities Act and the CRIZ Act to borrow money for (i) development or improvement within a city revitalization and improvement zone or a pilot zone, and (ii) construction, including infrastructure and site preparation, reconstruction or renovation of a facility within a city revitalization and improvement zone or a pilot zone which will result in economic development in accordance with the Authority's plan; and

**WHEREAS**, in accordance with the Authorities Act and the CRIZ Act the Authority has undertaken to finance a project (the “Project”) consisting of, among other things, all or any of the following: (i) the acquisition of a portion of certain furniture fixtures and equipment at the Lancaster County Convention Center by the Lancaster County Convention Center Authority; (ii) construction, renovation, repairing, improvement, alteration, and/or equipping of commercial space for a grocery store and retail space known as Conestoga River Plaza; (iii) capitalizing interest on the hereinafter defined Bond; and (iv) payment of the costs and expenses associated with the issuance of the hereinafter defined Bond; and

**WHEREAS**, the Authority has determined to issue its Tax Revenue Bond, Series of 2015 in the maximum aggregate principal amount of \$6,080,000 (the “Bond”), the proceeds of which will be applied to the costs of the Project and which will benefit the City; and

**WHEREAS**, the Bond will be purchased by a bank to be selected by the Authority (the “Bank”) pursuant to a request for proposals made by the Authority; and

**WHEREAS**, in order to further evidence the Authority’s obligation to maintain a debt service reserve fund in connection with the Bond and as established under an indenture (the “Indenture”) between the Authority and a trustee to be appointed by the Authority (the “Trustee”), the Authority will issue and deliver to the Bank its Guaranteed Debt Service Reserve Fund Replenishment Note in the maximum aggregate principal amount of \$445,200 (the “Debt Service Reserve Fund Note”); and

**WHEREAS**, the Council of the City (the “Governing Body”) has determined, among other things, that the undertaking of the Project is in the best interests of the City and its residents; and

**WHEREAS**, the City, as an inducement to the Authority to undertake the Project and to authorize and issue the Bond and Debt Service Reserve Fund Note, and as an inducement to the Bank to purchase the Bond and to thereby achieve interest costs and other savings with respect to the Project, will enter into a guaranty agreement (the “Guaranty Agreement”) with respect to the Debt Service Reserve Fund Note, in the maximum aggregate principal amount of \$445,200,

providing for the unconditional guarantee by the City of the timely payment of the principal of, and interest on, the Debt Service Reserve Fund Note and the pledge by the City of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty Agreement, as permitted by and in accordance with the terms and conditions of the Debt Act; and

**WHEREAS**, the Authority will enter into a reimbursement agreement with the City (the “Reimbursement Agreement”) defining certain obligations of the Authority in order to induce the City to enter into the Guaranty Agreement; and

**WHEREAS**, the execution by the City of the Guaranty Agreement constitutes the incurrence of lease rental debt by the City under the Debt Act; and

**WHEREAS**, the City desires to formally approve the Project and the financing thereof by the Authority, to authorize the incurrence of lease rental debt under the Debt Act, and the execution and delivery of the Guaranty Agreement.

**NOW, THEREFORE, BE IT ORDAINED AND ENACTED**, by the Council of the City of Lancaster, County of Lancaster, Pennsylvania, as follows:

**Section 1.** Approval of Project and Financing Thereof; Stating the Useful Life Thereof; and Estimated Project Completion Date. The City hereby approves the Project, as described above, and the financing thereof. The realistic estimated useful life of the Project is estimated to be in excess of thirty (30) years, and the principal amount of the Bond equal to the separate costs of the Project having a shorter useful life than the period during which the Bond will be outstanding has been scheduled to mature prior to the end of such useful life, and the balance prior to the end of the longest useful life.

The estimated completion date for the Capital Project is December 31, 2017.

**Section 2.** Amount of Debt Service Reserve Fund Note Secured by Guaranty Agreement; Incurrence of Lease Rental Debt. The maximum principal amount of the Debt Service Reserve Fund Note to be issued by the Authority and secured by the Guaranty Agreement is \$445,200. The City hereby authorizes and directs the incurring of lease rental debt of the City, pursuant to the Debt Act, in the maximum principal amount of \$6,080,000 to be evidenced by the Guaranty Agreement.

**Section 3.** Approval of Guaranty Agreement. The Mayor, City Controller, and/or other duly authorized officers of the City (the “Proper Officers”) are hereby authorized and directed, upon receipt of approval from the Pennsylvania Department of Community and Economic Development (“DCED”), to execute the Guaranty Agreement in such form, subject to such changes and modifications, if any, as may be approved by such Proper Officer, the execution of the Guaranty Agreement to be conclusive evidence of such approval, and the City Clerk is hereby authorized and directed to affix thereto the corporate seal of the City, to attest the same and to deliver the Guaranty Agreement to the other parties thereto.

**Section 4.** Covenant to Pay Guaranty. The maximum annual amounts of principal and interest covenanted to be paid by the City under the Guaranty Agreement are as set forth in Exhibit A attached hereto and made a part hereof.

The City covenants with the registered owner or owners of the Debt Service Reserve Fund Note that the City shall (a) include the amounts payable by the City under the Guaranty Agreement for each fiscal year in which such sums are payable in its budget for that year (as further set forth in the Guaranty Agreement), but in no event shall the budgeted amount exceed the amount of the City's guaranty for such fiscal year as set forth on Exhibit A hereto; (b) appropriate such amounts from its general revenues for payment under the Guaranty Agreement; and (c) duly and punctually pay or cause to be paid the amount payable under the Guaranty Agreement on the dates and places and in the manner stated in the Guaranty Agreement according to the true intent and meaning thereof.

For such budgeting, appropriation and payment the City pledges its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenants shall be specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this Section shall be construed to give the City any taxing power not granted by another provision of law.

**Section 5.** Debt Statement and Borrowing Base Certificate; Debt Proceedings.

The Proper Officers of the City are each authorized and directed to prepare and verify the debt statement required by Section 8110 of the Debt Act and to prepare or cause to be prepared a borrowing base certificate, and the City Clerk of the City is hereby authorized and directed to certify to DCED, in accordance with the Debt Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder and to pay any filing fees necessary in connection therewith.

**Section 6.** Reimbursement Agreement. The Proper Officers of the City are authorized and directed to execute and deliver, and the City Clerk of the City is hereby authorized and directed to affix and attest the corporate seal of the City to, the Guaranty Agreement and the Reimbursement Agreement in such form as counsel may advise and the officers executing the same may approve, their approval and the conclusive approval of the City to be evidenced by their execution thereof, and to take any other actions necessary to effectuate the Project and the issuance of the Bond and the Debt Service Reserve Fund Note by the Authority.

**Section 7.** Conditions to Execution of Guaranty Agreement. The Guaranty Agreement shall be executed and delivered as provided in Section 3 hereof only after satisfaction of the following conditions:

(a) DCED shall have approved the incurrence by the City of the lease rental debt authorized by this Ordinance pursuant to the Debt Act.

(b) The Proper Officers shall have approved the principal amount of the Bond, the Bond debt service schedule, and other terms as set forth in the Bank's proposal, which approval will be evidenced by execution and delivery of the Guaranty Agreement as set forth in Section 3.

(c) The City shall have received all closing documents required by the City in such form as counsel to the City may advise and the Proper Officers may require or approve, including without limitation the Reimbursement Agreement, legal opinions from counsel to the various parties, and Authority certificates providing assurance as to the Authority's existence, the absence of adverse events, and other appropriate matters. The satisfaction and conclusive approval of the City will be evidenced by execution and delivery of the Guaranty Agreement as set forth in Section 3.

**Section 8.** Incidental Actions. The Proper Officers of the City are hereby authorized, directed and empowered on behalf of the City to execute any and all papers and documents, and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the provisions of this Ordinance.

**Section 9.** Repealer. All ordinances or parts of ordinances and resolutions or parts of resolutions inconsistent herewith be and the same hereby are repealed.

**Section 10.** Severability. In case any one or more of the provisions of this Ordinance shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Ordinance and this Ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein.

**Section 11.** Effective Date. This Ordinance shall become effective on the earliest date permitted by the Debt Act.

DULY ORDAINED AND ENACTED this 24th day of November, 2015 by the Council of the City of Lancaster, Lancaster County, Pennsylvania in lawful session duly assembled.

ATTEST

CITY OF LANCASTER

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Bernard W. Harris, Jr., City Clerk

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J. Richard Gray, Mayor

(CITY SEAL)

**EXHIBIT A**

**MAXIMUM ANNUAL AMOUNTS PAYABLE UNDER GUARANTY AGREEMENT**

City of Lancaster Revitalization and  
Improvement Zone Authority  
Tax Revenue Bond, Series of 2015

*Not to Exceed Debt Service Reserve Fund Note Guaranty and Principal Amortization of Guaranty*

<b>DSRF Replenishment Note Guaranty</b>	
<u>Fiscal Year</u>	<u>Not to Exceed Payment Schedule</u>
2016	445,200.00
2017	445,200.00
2018	445,200.00
2019	445,200.00
2020	445,200.00
2021	445,200.00
2022	445,200.00
2023	445,200.00
2024	445,200.00
2025	445,200.00
2026	445,200.00
2027	445,200.00
2028	445,200.00
2029	445,200.00
2030	445,200.00
2031	445,200.00
2032	445,200.00
2033	445,200.00
2034	445,200.00
2035	445,200.00
2036	445,200.00
2037	445,200.00
2038	445,200.00
2039	445,200.00
2040	445,200.00
2041	445,200.00
Total	11,575,200.00

<b>Principal Amortization of Guaranty</b>			
<u>Fiscal Year</u>	<u>Begin Principal Balance</u>	<u>Principal Reduction (December 15)</u>	<u>End Principal Balance</u>
2016	6,080,000.00	0.00	6,080,000.00
2017	6,080,000.00	0.00	6,080,000.00
2018	6,080,000.00	275,000.00	5,805,000.00
2019	5,805,000.00	283,000.00	5,522,000.00
2020	5,522,000.00	291,000.00	5,231,000.00
2021	5,231,000.00	131,000.00	5,100,000.00
2022	5,100,000.00	139,000.00	4,961,000.00
2023	4,961,000.00	147,000.00	4,814,000.00
2024	4,814,000.00	156,000.00	4,658,000.00
2025	4,658,000.00	165,000.00	4,493,000.00
2026	4,493,000.00	175,000.00	4,318,000.00
2027	4,318,000.00	185,000.00	4,133,000.00
2028	4,133,000.00	197,000.00	3,936,000.00
2029	3,936,000.00	209,000.00	3,727,000.00
2030	3,727,000.00	221,000.00	3,506,000.00
2031	3,506,000.00	234,000.00	3,272,000.00
2032	3,272,000.00	248,000.00	3,024,000.00
2033	3,024,000.00	263,000.00	2,761,000.00
2034	2,761,000.00	279,000.00	2,482,000.00
2035	2,482,000.00	296,000.00	2,186,000.00
2036	2,186,000.00	313,000.00	1,873,000.00
2037	1,873,000.00	332,000.00	1,541,000.00
2038	1,541,000.00	352,000.00	1,189,000.00
2039	1,189,000.00	373,000.00	816,000.00
2040	816,000.00	396,000.00	420,000.00
2041	420,000.00	420,000.00	0.00
Total		6,080,000.00	