

ORDINANCE 2017-06

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE TOWNSHIP OF LOWER ALLEN, CUMBERLAND COUNTY, PENNSYLVANIA, DETERMINING TO INCUR LEASE RENTAL DEBT IN THE PRINCIPAL AMOUNT OF \$9,950,000, IN CONNECTION WITH THE FINANCING OF THE REFUNDING OF THE GUARANTEED SEWER REVENUE BOND-SERIES OF 2012 AND THE GUARANTEED SEWER REVENUE BOND-SERIES OF 2013 OF LOWER ALLEN TOWNSHIP AUTHORITY; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT AND SHALL BE EVIDENCED BY A GUARANTEED SEWER REVENUE BOND-SERIES OF 2017 IN THE PRINCIPAL AMOUNT OF \$9,950,000 TO BE AUTHORIZED AND TO BE ISSUED BY SAID AUTHORITY; AUTHORIZING AND DIRECTING PROPER OFFICERS OF THIS TOWNSHIP TO PREPARE ,VERIFY AND FILE THE DEBT STATEMENT AND OTHER APPROPRIATE DOCUMENTS REQUIRED BY THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT; AUTHORIZING AND DIRECTING PROPER OFFICERS OF THIS TOWNSHIP TO EXECUTE, ATTEST AND DELIVER A GUARANTY AGREEMENT WITH RESPECT TO SAID GUARANTEED SEWER REVENUE BOND OF SAID AUTHORITY; APPROVING THE SUBSTANTIAL FORM OF SAID GUARANTY AGREEMENT; GUARANTEEING PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID GUARANTEED SEWER REVENUE BOND OF SAID AUTHORITY AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO; SETTING FORTH THE MAXIMUM DEBT SERVICE TO WHICH SAID GUARANTY IS APPLICABLE; ESTABLISHING A SINKING FUND WITH RESPECT TO SAID GUARANTY; AND PROVIDING FOR PROPER OFFICERS OF THIS TOWNSHIP TO TAKE ALL OTHER REQUIRED, NECESSARY OR DESIRABLE RELATED ACTION IN CONNECTION WITH SAID GUARANTY AGREEMENT.

WHEREAS, This Township is existing under laws of the Commonwealth of Pennsylvania (the “Commonwealth”), is a “local government unit”, as such phrase is defined under the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80 – 82 (the “Act”), and has general taxing powers under laws of the Commonwealth; and

WHEREAS, Lower Allen Township Authority (the “Authority”) is a municipality authority organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C. S. Ch. 56; and

WHEREAS, The Authority owns and operates a complete sanitary sewage collection, transportation, treatment and disposal system, including all related and necessary facilities (the “Sewer System”), for providing sanitary sewer services in this Township and adjacent areas; and

WHEREAS, The Authority, with the consent and approval of this Township, has determined to provide for the current refunding of the Authority’s outstanding Guaranteed Sewer Revenue Bond-Series of 2012 and Guaranteed Sewer Revenue Bond – Series of 2013 and to provide for the necessary financing thereof (the “2017 Refunding Project”).

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Board of Commissioners of the Township of Lower Allen, Cumberland County, Pennsylvania, as follows:

SECTION 1. The Board of Commissioners of this Township authorizes and directs the Authority to undertake the 2017 Refunding Project.

SECTION 2. The Board of Commissioners of this Township hereby determines that the realistic estimated remaining useful life of the Sewer System owned and operated by the Authority is in excess of 30 years.

SECTION 3. The Board of Commissioners of this Township hereby specifies and determines that the debt of the Authority to be incurred in connection with the 2017 Refunding Project will constitute lease rental debt of this Township, subject to applicable provisions of the Act, and shall be evidenced by the Authority’s Guaranteed Sewer Revenue Bond – Series of 2017, dated as of

the date of initial delivery thereof, in the principal amount of \$9,950,000 (the “Series of 2017 Bond”).

SECTION 4. This Township shall enter into a Guaranty Agreement, dated for convenience as of the date of initial delivery of the Series of 2017 Bond (the “Guaranty Agreement”). Substantially in the form referred to in Section 5 hereof, with respect to the guaranty by this Township of the full payment of the principal of and interest on the Series of 2017 Bond.

SECTION 5. The Guaranty Agreement shall be substantially in the form presented to this meeting, which form is approved; and a copy of the Guaranty Agreement, in the form so presented to this meeting and so approved, shall be filed with the Secretary of this Township for inspection, at reasonable times, by interested persons requesting such inspection.

SECTION 6. The President or Vice President of the Board of Commissioners of this Township and Secretary or Assistant Secretary and other appropriate officers of this Township are authorized and directed: (a) to prepare, verify and file with the Pennsylvania Department of Community and Economic Development (the “Department”), a debt statement as required by Section 8110 of the Act; (b) to prepare and execute a borrowing base certificate required by the Act to be appended to the debt statement of this Township referred to in subsection (a) of this Section; and (c) to prepare and file originally and thereafter, as required, with the Department, appropriate reports required by Section 8026 of the Act which are necessary to qualify all or any portion of any lease rental debt of this Township, which is subject to exclusion as self-liquidating debt, for exclusion from the appropriate debt limit of this Township as self-liquidating debt.

SECTION 7. The President or Vice President of the Board of Commissioners of this Township and Secretary or Assistant Secretary of this Township are authorized and directed to execute, attest and deliver the Guaranty Agreement in behalf of this Township, in substantially the form approved in Section 5 hereof, or with such changes as such officers shall approve, their execution to constitute conclusive evidence of such approval; Provided, however, that such execution, attestation and delivery of the Guaranty Agreement shall be subject to compliance by this Township with applicable provisions of the Act. This Township authorizes delivery of the Guaranty Agreement to Orrstown Bank (the “bank”), as registered owners of the Series of 2017 Bond, for Purposes set forth in the Guaranty Agreement.

SECTION 8. The President or vice President of the Board of Commissioners of this Township and the Secretary or Assistant Secretary and other proper officers of this Township are authorized and directed to make application for approval with respect to the Guaranty Agreement, as requested by Section 8111(b) of the Act, and to take all other required and appropriate action.

SECTION 9. This Township hereby guarantees the full payment of the principal of and interest on the Series of 2017 Bond and in furtherance thereof covenants and agrees with the Bank, its successors and assigns, as registered owner of the Series of 2017 Bond, that if the Authority shall fail to pay the full amount of the principal of and interest on the Series of 2017 Bond when the same shall become due and payable, at the times and place, under the terms and conditions and in the manner prescribed in the Series of 2017 Bond, this Township will pay the full amount of such principal and interest to the Bank and its successors and assigns, as registered owner of the Series of 2017 Bond.

This Township agrees and hereby covenants with the Bank and its successors and assigns, as registered owners of the Series of 2017 Bond, that this Township shall include the full amount of debt services on the Series of 2017 Bond for each fiscal year of this Township in which such sums are payable in its budget for that fiscal year, that in the event the Authority shall fail to pay the full amount of the principal of and interest on the Series of 2017 Bond when due and payable, at the times and place, under terms and conditions and in the manner prescribed in the Series of 2017 Bond, this Township shall duly and punctually pay or cause to be paid in the full amount of such principal and interest on the dates and the place and in the manner stated in the Series of 2017 Bond according to the true intent and meaning hereof. For such budgeting, appropriation and payment this Township hereby does pledge its full faith, credit and taxing power and hereby does agree that this covenant shall be specifically enforceable.

This Township agrees that the maximum debt services in each of its fiscal years of this Township with respect to the Series of 2017 Bond to which the foregoing guaranty shall apply is set forth in Exhibit A attached hereto and thereby made a part hereof.

SECTION 10. There is created a sinking fund of this Township for the guaranty of this Township related to the Series of 2017 bond, to be known as “Sinking Fund – Lower Allen Township Authority Guaranteed Sewer Revenue Bond - Series of 2017 Bond” said sinking fund shall be administered in the manner provided by the Act for administration of sinking funds created pursuant to the Act.

This Township covenants and agrees to pay into the aforesaid sinking fund all moneys, if any, required to be paid to the registered owner of Series of 2017 Bond pursuant to provisions of the Guaranty Agreement on or before the dates required for any such payments pursuant to terms of the Guaranty Agreement. Moneys so deposited shall be paid to the registered owner of the Series of 2017 Bond by the sinking fund depository appointed in Paragraph 11 hereof, in behalf of this Township, pursuant to terms of the Guaranty Agreement on the dates and in the manner required by terms of the Guaranty Agreement.

SECTION 11. This Township appoints the Bank as the sinking fund depository with respect to the sinking fund created pursuant to Section 10 hereof. Proper officers of this Township are authorized and directed to contract with the Bank for its services as sinking fund depository with respect to the sinking fund created pursuant to Section 10 hereof.

SECTION 12. Proper officers of this Township are authorized and directed to execute all documents and to take such other action as may be necessary to carry out the intent and purposes of this Ordinance and the undertaking of this Township under the Guaranty Agreement.

SECTION 13. In the event any provisions, 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 this Township that such remainder shall be and shall remain in full force and effect.

SECTION 14. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed

SECTION 15. This Ordinance shall become effective in accordance with Section 8003 of the Act.

DULY ENACTED AND ORDAINED this 28th day of August 2017, by the Board of Commissioners of the Township of Lower Allen, Cumberland County, Pennsylvania, in lawful session duly assembled.

Attest:
(Corporate Seal)

BOARD OF COMMISSIONERS
LOWER ALLEN TOWNSHIP

(Assistant) Secretary

(Vice) President

ORRSTOWN BANK - 10 YEAR FIXED RATE PROPOSAL AT MAX CAP RESET RATE

LOWER ALLEN TOWNSHIP AUTHORITY

SERIES OF 2017	Settle	10/9/2017
REFUNDS THE SERIES OF 2012 & SERIES OF 2013	Dated	10/9/2017

	2	3	4	5	6
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>
11/15/2017	64,000	2.790	27,760.50	91,760.50	91,760.50
5/15/2018	522,000	2.790	137,909.70	659,909.70	
11/15/2018		2.790	130,627.80	130,627.80	790,537.50
5/15/2019	539,000	2.790	130,627.80	669,627.80	
11/15/2019		2.790	123,108.75	123,108.75	792,736.55
5/15/2020	561,000	2.790	123,108.75	684,108.75	
11/15/2020		2.790	115,282.80	115,282.80	799,391.55
5/15/2021	583,000	2.790	115,282.80	698,282.80	
11/15/2021		2.790	107,149.95	107,149.95	805,432.75
5/15/2022	628,000	2.790	107,149.95	735,149.95	
11/15/2022		2.790	98,389.35	98,389.35	833,539.30
5/15/2023	680,000	2.790	98,389.35	778,389.35	
11/15/2023		2.790	88,903.35	88,903.35	867,292.70
5/15/2024	703,000	2.790	88,903.35	791,903.35	
11/15/2024		2.790	79,096.50	79,096.50	870,999.85
5/15/2025	721,000	2.790	79,096.50	800,096.50	
11/15/2025		2.790	69,038.55	69,038.55	869,135.05
5/15/2026	743,000	2.790	69,038.55	812,038.55	
11/15/2026		2.790	58,673.70	58,673.70	870,712.25
5/15/2027	765,000	2.790	58,673.70	823,673.70	
11/15/2027		2.790	48,001.95	48,001.95	871,675.65
5/15/2028	743,000	4.000	68,820.00	811,820.00	
11/15/2028		4.000	53,960.00	53,960.00	865,780.00
5/15/2029	778,000	4.000	53,960.00	831,960.00	
11/15/2029		4.000	38,400.00	38,400.00	870,360.00
5/15/2030	812,000	4.000	38,400.00	850,400.00	
11/15/2030		4.000	22,160.00	22,160.00	872,560.00
5/15/2031	846,000	4.000	22,160.00	868,160.00	
11/15/2031		4.000	5,240.00	5,240.00	873,400.00
5/15/2032	262,000	4.000	5,240.00	267,240.00	
11/15/2032					267,240.00
TOTALS	9,950,000		2,262,553.65	12,212,553.65	12,212,553.65

Cash Contribution 568,000.00

Total Net Savings	554,123.85
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Savings as a % of refunded par .5.37%1

** Assumes an 10 year fixed rate of 2.79% for 10 years with the rate resetting thereafter at 66% of WSJ Prime with a floor of 2.50% and a maximum cap rate of 4.00%. This scenario assumes the rate is reset at the maximum cap rate of 4.00%.*

*** Prepayable at anytime without penalty.*