

CITY OF JOHNSTOWN, PENNSYLVANIA

RESOLUTION NO. 9798

Submitted By: Bethany Peracchino

TAX AND REVENUE ANTICIPATION NOTE

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JOHNSTOWN, PENNSYLVANIA, AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE; PROVIDING FOR THE INTEREST RATE, MATURITY DATE, AND REDEMPTION PROVISIONS IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL OF 1ST SUMMIT BANK FOR THE PURCHASE OF THE NOTE; AUTHORIZING THE PROPER OFFICERS TO EXECUTE ALL ACTS NECESSARY FOR ISSUANCE AND SECURING THE NOTE; AUTHORIZING AND DIRECTING THE PREPARATION AND FILING OF ALL DOCUMENTS REQUIRED BY THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC

DEVELOPMENT; AND REPEALING INCONSISTENT RESOLUTIONS

WHEREAS, the City of Johnstown ("Local Government Unit") expects to receive current revenues, as yet uncollected, during the first two quarters of fiscal year ending December 31, 2016; and

WHEREAS, the Local Government Unit will have inadequate funds for operating expenditures during the first two quarters of 2016 based on funds flow analysis of tax receipts; and

WHEREAS, the Local Government Unit has determined that it is necessary to borrow for the purpose of meeting expenses during the first two quarters of 2016 by issuing a note, to be repaid from anticipated revenues, and

WHEREAS, 1ST Summit Bank has submitted to the 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, by the City Council (hereafter the "Governing Body") of the Local Government Unit that:

SECTION 1. The Local Government Unit hereby authorizes the issuance of a tax and revenue anticipation note in the amount of up to \$3,500,000 in anticipation of the receipt of 2016 taxes and revenues to be sold at private sale.

SECTION 2. The note shall be in the denomination of \$3,500,000, shall be redeemable at any time at the option of the officers of the Local Government Unit without penalty or premium, shall bear interest at 1.725%, shall mature on December 31, 2016, and shall be payable at the 125 Donald Lane, Johnstown, PA 15904 office of the lender.

SECTION 3. The proposal of the 1st Summit Bank to purchase the note dated December 4, 2015 is hereby accepted and shall be incorporated into the minutes of this meeting. A true and correct copy of said Proposal is attached here to as Exhibit A, 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 Lender.

SECTION 4. The Local Government Unit hereby pledges to the Lender and grants to the Lender 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.

SECTION 5. Payment of principal and interest shall be made in the following amounts and on the following dates:

Interest due date -	Based on outstanding balance -	Monthly
Principal due -	\$3,500,000	December 31, 2016

SECTION 6. The appropriate executive officer be and hereby is authorized and directed to execute and deliver 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 Secretary of the Local Government Unit be and hereby is authorized and directed to attest the same.

SECTION 7. The appropriate executive or fiscal officer be and hereby is authorized and directed to prepare or cause to be prepared and file a Certificate as to Taxes and Revenues to be Collected as required by Section 8128 of the Local Government Unit Debt Act.

SECTION 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.

SECTION 9. (a) The Local Government Unit hereby covenants with the registered owners from time to time of the Note that it will make no use of the proceeds of the Note which, if such use had been reasonably expected on the date of issue of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations there under, and that it will comply with the requirements of that Section and such regulations throughout the term of the Note.

(b) If the principal amount of the Note plus the aggregate principal amount of all other tax-exempt obligations (other than private activity bonds) issued and to be issued by the Local Government Unit (including, without limitation, any deemed as issued by the Local Government Unit under the issuer aggregation rules of Section 148 (f) (4) (D) (ii) of the Code) during the calendar year in which the Note is to be issued exceeds \$5,000,000, and if the gross proceeds of the Note are invested at a yield greater than the yield on the Note and are not expended within six (6) months from the date of issuance or deemed to have been expended pursuant to the safe harbor rules for tax and revenue anticipation notes contained in Section 148 (f) (4) (B) (iii) of the Code, the Local Government Unit covenants that it will rebate to the U.S. Treasury, within sixty (60) days after the maturity date of the Note, an amount equal to the excess of (x) all investment income derived from investing the proceeds of the Note over (y) the amount which would have been derived from the investment of the proceeds of the Note at a yield not in excess of the Yield on the Note.

(c) The Local Government Unit reasonably anticipates that it will not issue more than \$10,000,000 principal amount of tax-exempt obligations during the calendar year ending December 31, 2016 and hereby designates the Note as a "qualified tax exempt obligation" within the meaning of Section 265 (b) (3) of the Code. The Local Government Unit hereby designates the Note as a "qualified tax exempt obligation" pursuant to Section 265 (b) (3) of the Code and represents and covenants that the total amount of its obligations so designated and to be designated during the calendar year in which the Note is to be issued does not and will not exceed \$10,000,000 (including, without limitation, any deemed as issued by the Local Government Unit under the issuer aggregation rules of Section 265 (b) (3) (E) of the Code or allocated thereto under the issue allocation rules of Section 265 (b) (3) (C) (iii) of the Code).

(d) The Local Government Unit hereby covenants that at the time of execution of the Note and at the time or times that it is issued funds pursuant to the Note, that it will have in place an approved and balanced budget and that it will not make a material amendment or change to the adopted budget without the consent of the Purchaser.

(e) The Local Government Unit hereby covenants that at the time of execution of the Note and at the time or times that it is issued funds pursuant to the Note, that it is in compliance with any applicable terms and conditions of the Financially Distressed Municipalities Act, 53 P.S. Sections 11701.101 et. seq., as may be amended from time to time (the "Distressed Municipalities Act"), as well as any regulations promulgated there under.

SECTION 10. All filing fees and all fees and expenses of the Local Government Unit's Solicitor, of the Purchaser, and of the counsel to the Purchaser incurred in connection with issuance of the Note will be paid by the Local Government Unit. The proper officers are hereby authorized and directed to pay all such reasonable fees and expenses at the time of settlement on the Note issue. In the event of any default under the Note or hereunder, the Local Government Unit agrees to pay the reasonable fees and expenses of the registered owners of the Note (including court costs and attorneys' fees) incurred in collecting the amounts due under the Note.

SECTION 11. This Resolution is hereby deemed to be, and shall be, a contract with the registered owners, from time to time, of the Note.

SECTION 12. All prior resolutions or parts thereof inconsistent herewith are hereby repealed.

ADOPTED:

December 22, 2015

By the following vote:

YEAS: Mr. Gentile, Mayor Janakovic, Mr. Johncola, Mr. Mickel, Mrs. Mock,

Mr. Vitovich, Mr. Vizza. (7)

NAYS: None (0)



Frank Janakovic, Mayor

Peter Vizza, Deputy Mayor

ATTEST:

I do hereby certify that the foregoing is a true and correct copy of Resolution No. **9798** as the same was adopted by the City Council of the City of Johnstown, Pennsylvania.



Melissa Komar, City Manager