

COUNCIL BILL NO. 1967**INTRODUCED BY: James Aughenbaugh****ORDINANCE NO. 1868****AN ORDINANCE**

AUTHORIZING THE INCURRING ON NONELECTORAL DEBT BY THE CITY OF DUBOIS THROUGH THE ISSUANCE OF A GENERAL OBLIGATION BOND IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN EIGHTY - SIX MILLION ONE HUNDRED SEVENTEEN THOUSAND EIGHT HUNDRED NINETY-SEVEN DOLLARS (\$86,117.897.00) FOR THE COST OF THE CONSTRUCTION OF A NEW 5.4 MGD AADF WATER RESOURCE RECOVERY FACILITY, CONSISTING OF A NEW INFLUENT PUMP STATION, SEPTAGE RECEIVING, SCREENING, GRIT REMOVAL, SBR BIOLOGICAL TREATMENT, TERTIARY FILTRATION, ULTRAVIOLET (UV) DISINFECTION, AEROBIC DIGESTION, SLUDGE DEWATERING, ADMINISTRATIVE BUILDING, AS WELL AS A NEW ACCESS ROAD AND BRIDGE TO THE SITE; TOGETHER WITH THE REPLACEMENT OF 8,000 FEET OF SANITARY SEWER AND 4,500 FEET OF SEWER INTERCEPTOR AND THE REHABILITATION OF 1,600 FEET OF SEWER INTERCEPTOR WITH THE ULTIMATE DEMOLITION OF THE EXISTING WASTE WATER FACILITY; COVENANTING TO PAY, AND PLEDGING UNLIMITED TAXING POWER FOR THE PAYMENT OF, THE BOND; ESTABLISHING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY; FIXING THE FORM, INTEREST RATES, MATURITY, REDEMPTION AND OTHER PROVISIONS FOR THE PAYMENT THEREOF; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BOND; AUTHORIZING A FILING OF REQUIRED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; RATIFYING AND DIRECTING CERTAIN ACTIONS OF OFFICERS; AND MAKING CERTAIN OTHER COVENANTS AND PROVISIONS IN RESPECT OF THE BOND.

WHEREAS, the Members of Council (the "Governing Body") of the City of DuBois (the "Local Government Unit) deem it advisable to incur nonelectoral indebtedness, pursuant to the Local Government Unit Debt Act (the "Act"), for the construction of a new 5.4 MGD AADF water resource recovery facility, consisting of a new influent pump station, septage receiving, screening, grit removal, SBR biological treatment, tertiary filtration, ultraviolet (UV) disinfection, aerobic digestion, sludge dewatering, administrative building, as well as a new access road and bridge to the site; together with the replacement of 8,000 feet of sanitary sewer and 4,500 feet of sewer interceptor and the rehabilitation of 1,600 feet of sewer interceptor; with the ultimate demolition of the existing waste water facility; and

WHEREAS, PENNVEST (the "Purchaser") has presented a written proposal (the "Funding Offer"), attached hereto as Exhibit "A", to purchase the Bond (defined hereinafter) to be issued by the Local Government Unit in order to achieve the financing of the Projects; and

NOW, THEREFORE, it is hereby enacted that:

Section 1 - Authorization

- 1.01 The Local Government Unit hereby authorizes the incurrence, and the increase of, nonelectoral indebtedness in the principal amount of up to \$86,117,897.00, to be evidenced by a general obligation bond (the "Bond"), in substantially the form attached hereto as Exhibit "B", in order to pay the costs for the construction of a new 5.4 MGD AADF water resource recovery facility, consisting of a new influent pump station, septage receiving, screening, grit removal, SBR biological treatment, tertiary filtration, ultraviolet (UV) disinfection, aerobic digestion, sludge dewatering, administrative

building, as well as a new access road and bridge to the site; together with the replacement of 8,000 feet of sanitary sewer and 4,500 feet of sewer interceptor and the rehabilitation of 1,600 feet of sewer interceptor; with the ultimate demolition of the existing waste water facility. The Bond will be dated the date of delivery, and will bear interest at the rate of one percent (1%) per annum for the first through fifth year and one percent (1%) per annum for years six through maturity, for three hundred sixty (360) months with the payment of interest only for a period of thirty – six (36) months. Furthermore, the Bond will be issued subject to, and its terms and conditions of payment and security further delineated by and under a loan agreement (the “Loan Agreement”) substantially incorporating the terms and conditions of the Funding Offer. The Loan Agreement will be substantially in such form as the Designated Officers and the Local Government Unit’s Solicitor shall approve.

- 1.02. Reasonable estimates of the costs of the project as described herein, which are not less than the principal amount of the indebtedness authorized hereby, together with the useful life of the capital Projects financed and refinanced, have been obtained with the assistance of engineers, architects, financial advisors and other persons qualified by experience. Nothing contained herein shall prohibit the Governing Body, under proper enactment of an ordinance and compliance with all provisions of law, from amending, adding to, subtracting from, substituting for or otherwise altering the Projects undertaken hereby.
- 1.03. The Mayor, Manager, Controller and Secretary or their duly elected and acting successors (the “Designated Officers”) are hereby authorized and directed to execute and deliver such documents, and to do and perform all acts necessary and proper for the issuance and further security of the Bond, including its execution and sealing and delivery to the Purchaser. The Designated Officers are further authorized and directed to undertake and perform, or cause to be undertaken or performed, all the ordinary duties of the Local Government Unit (and the same are hereby specifically approved) which may be required to effectuate the Projects.
- 1.04. The Designated Officers are hereby further authorized and directed to provide to the Purchaser a copy of the audited financial statements of the Local Government Unit while the Bond is outstanding.
- 1.05. The Local Government Unit hereby covenants and agrees to comply with the conditions and/or requirements of the Purchaser set forth in the Funding Offer within Exhibit “A” attached hereto.

Section 2 – Preparation of Debt Statement

- 2.01. As required by §8110 of the Act, the Designated Officers of the Local Government Unit shall prepare, execute and acknowledge the Debt Statement, and its accompanying Borrowing Base Certificate and shall file such documents, along with a certified copy of this Ordinance and proofs of publication of required notices, with the Pennsylvania Department of Community and Economic Development (the “Department”) to enable the Department to certify its approval to issue, sell and deliver the Bond.

Section 3 – Security and Payment of the Bond

- 3.01. The Bond shall be a general, full faith and credit obligation of the Local Government Unit. The Local Government Unit hereby covenants with the Purchaser and with subsequent holders, from time to time, of the Bond that it

will (a) include the amount of debt service for each fiscal year in which any installment of principal or interest is payable in its budget for that year, (b) appropriate such amounts to the payment of such debt service and (c) duly and punctually pay or cause to be paid the principal of and interest on the Bond on the dates, at the place, and in the manner stated therein according to the true intent and meaning thereof. For such budgeting, appropriation and payment of the Bond, the Local Government Unit hereby irrevocably pledges its full faith, credit and taxing power. The exact amounts of debt service payable in respect of the Bond are set forth in Exhibit "B".

- 3.02. The Local Government Unit does hereby create, and orders to be established (in its name and identified by reference to the Bond), a Sinking Fund for the payment of the Bond with the Purchaser and does further covenant to maintain such Sinking Fund in accordance with the Act, until the Bond is paid in full. A Designated Officer is hereby authorized and directed to contract with S & T Bank, DuBois Branch to serve as the depository for such Sinking Fund.

Section 4 – Tax Covenants

- 4.01. The Local Government Unit hereby covenants that no part of the proceeds of the Bond will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of the issuance of the Bond, would have caused the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the Regulations thereunder applicable to the Bond and that it will comply with the requirements of that Section and the Regulations throughout the term of the Bond.
- 4.02. If: (a) the principal amount of the Bond plus the aggregate principal amount of all other tax-exempt obligations issued and to be issued by or on behalf of the Local Government Unit during the current calendar year exceeds \$5,000,000.00; and if (b) the gross proceeds of the Bond are invested at a yield greater than the yield on the Bond; and if (c) the gross proceeds of the Bond are not expended or deemed to have been expended either within six months from the date of issuance, or, if the Projects are construction projects, within two years from the date of issuance (and according to certain periodic expenditure thresholds), all pursuant to §1.148.7 of the Regulations, the Local Government Unit covenants that it will rebate to the U.S. Treasury, at the times and in the manner required by the Code, the difference (if a positive number) between the investment income received on the Bond proceeds and the investment income that would have been earned had the Bond proceeds been invested at the yield of the Bond.
- 4.03. The Local Government Unit hereby designates the Bond as a Qualified, Tax-Exempt Obligation pursuant to Section 265(b)(3) of the Code and represents that the total amount of obligations designated and to be designated by or on behalf of the Local Government Unit during the current calendar year does not and is not expected to exceed \$10,000,000.00
- 4.04. The Local Government Unit will file IRS Form 8038-G and any other forms or information required by the Code or the Regulations to be filed with the Internal Revenue Service in order to further ensure the exclusion of the interest on the Bond from gross income tax for federal income tax purposes.

Section 5 – Award

After due consideration of sundry factors, including professional assistance and current market conditions, the Local Government Unit hereby: (1) determines that a public sale of the Bond to PENNVEST is in the best financial interests of the Local Government Unit; and (2) authorizes the Designated Officers (or their appropriate successors acting by reason of absence or other incapacity), in their sole discretion, to award the sale of the Bond (or a portion thereof) to the Purchaser, by means of the execution of and delivery to the Purchaser of, the Funding Offer. The execution and delivery of the accepted Funding Offer is hereby ratified and confirmed.

Section 6 – Useful Life of the Project

The estimated useful life of the new 5.4 MGD AADF water resource recovery facility, the administrative building and all of the improvements and replacement sewer lines and interceptors is expected to be at least fifty (50) years.

Section 7 – Appointment of Professionals

The Local Government Unit does hereby appoint Gleason, Cherry and Cherry, L.L.P. as Bond Counsel in connection with the issuance of the Bond and the financing of the Projects.

Section 8 – Ordinance a Contract

Upon the Local Government Unit’s execution of the Purchase Contract, this Ordinance, together with the Loan Agreement relating thereto, if and when executed and delivered, shall be deemed to be a contract with the holders, from time to time, of the Bond.

Duly enacted by the Governing Body of the Local Government Unit, in lawful session assembled, on the 6th day of September, 2022.

ATTEST:



John F. Suplizio
City Manager


By: _____
Edward L. Walsh
Mayor & President of Council

PASSED BY COUNCIL:

September 6, 2022

APPROVED: 