

NO. 2022--

COUNTY OF LUZERNE  
Commonwealth of Pennsylvania

ORDINANCE

AN ORDINANCE AUTHORIZING THE ACCEPTANCE OF A PROPOSAL TO REDUCE THE INTEREST RATE ON THE COUNTY OF LUZERNE, COMMONWEALTH OF PENNSYLVANIA NONELECTORAL INDEBTEDNESS OF A GENERAL OBLIGATION NOTE, SERIES OF 2019, ORIGINALLY ISSUED IN THE PRINCIPAL AMOUNT OF \$33,305,000 FOR AND TOWARD FINANCING A CAPITAL IMPROVEMENT PROGRAM, A CURRENT REFUNDING PROGRAM AND PAYING THE COSTS OF ISSUING THE NOTE; PROVIDING FOR MAXIMUM INTEREST RATES, MAXIMUM MATURITY AMOUNTS AND PLACE OF PAYMENT WITH RESPECT TO THE NOTE; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; PROVIDING FOR THE FILING OF ANY REQUIRED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTATION MEMORIALIZING THE CHANGE IN INTEREST RATE AND DELIVERY THEREOF INCLUDING THE DELIVERY OF AN EXCHANGE NOTE AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the County of Luzerne (the “**County**”) is granted the power by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat. § 8001 *et seq.*, as amended (the “**Act**”), to incur indebtedness and to issue bonds or notes for the purpose of funding capital projects and refunding outstanding indebtedness; and

WHEREAS, pursuant to the provisions of the Act, the County in 2019 determined to undertake a capital improvement program, including, but not limited to, the acquisition of a 911 system infrastructure and equipment and voting machines (collectively, the “**Capital Improvement Program**”) and to currently refund its General Obligation Notes, Series D of 2008, General Obligation Bonds, Series E of 2008, General Obligation Notes, Series of 2009 (collectively, the “**Refunded Bonds**”) in order to achieve debt service savings (the “**Refunding Program**”); and

WHEREAS, the County determined to finance the Capital Improvement Program and the Refunding Program by incurring indebtedness and issuing its aggregate principal amount \$33,305,000 General Obligation Note, Series of 2019 (the “**2019 Note**”), all in accordance with applicable and appropriate provisions of the Act by retaining PFM Financial Advisors LLC, as

financial advisor (the “**Financial Advisor**”) who solicited competitive proposals for the purchase of the 2019 Note; and

**WHEREAS**, the 2019 Note is currently outstanding in the principal amount of \$33,155,000;

**WHEREAS**, the purchaser of the 2019 Note was awarded to Webster Public Finance Corporation, Providence, Rhode Island (“**Purchaser**”), who purchased the 2019 Note on November 26, 2019 at an interest rate of two and one hundred seventy four thousandths percent (2.174%) per annum;

**WHEREAS**, the Purchaser has proposed to amend the rate on the outstanding principal amount of the 2019 Note to an interest rate of one and ninety eight thousandths percent (1.98%) per annum and the County desires to accept the interest rate reduction (the “**Rate Reduction Proposal**”);

**NOW, THEREFORE, BE IT ORDAINED**, by the County Council of the County of Luzerne and it is hereby **ORDAINED** as follows:

**SECTION 1.** The County hereby authorizes the acceptance of the Rate Reduction Proposal. All other material provisions of the 2019 Note shall not be amended in conjunction with the Rate Reduction Proposal.

The County hereby acknowledges receipt of the Rate Reduction Proposal from the Purchaser, a copy of which is attached hereto as **Exhibit A** and shall be part of this Ordinance.

The Chair or Vice Chair is hereby authorized and directed to execute the Rate Reduction Proposal in accordance therewith, and deliver a copy of the same to the Clerk to County Council.

**SECTION 2.** The rate reduction may be memorialized through the execution of an allonge to the original 2019 Note or by the execution of an amended note (as amended in either form, the “**Amended Note**”). The County confirms said 2019 Note, as amended by an allonge or an amended note is hereby declared to be a general obligation of the County. The County hereby covenants that the County shall include the amount of the amended debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts to the payment of such debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the County is hereby irrevocably pledged. Attached hereto as **Exhibit B** is the revised debt service schedule reflecting the interest rate reduction.

**SECTION 3.** The Amended Note shall be executed in the name and under the corporate seal of the County by the Chair, Vice Chair and attested to by the Clerk to County Council or Treasurer. The Chair or Vice Chair is hereby authorized and directed to deliver said Amended Note to the purchaser, and if necessary, in exchange for the 2019 Note. The Chair or Vice Chair and Clerk to County Council or Treasurer or any Assistant or Acting Clerk to County Council or Treasurer of the County or by any other officers of the County are authorized and directed to prepare, verify and file any information with the Pennsylvania Department of Community and Economic Development and the Internal Revenue Service.

**SECTION 4.** Webster Bank, N.A., Conshohocken, Pennsylvania, shall continue as the Paying Agent and Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as “Sinking Fund-Series of 2019 General Obligation Note,” for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Clerk to County Council or Treasurer or any Assistant or Acting Clerk to County Council or Treasurer of the County shall deposit or cause to be deposited into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the County, withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the obligation.

**SECTION 5.** The Chair or Vice Chair and Clerk to County Council or any other officers of the County are hereby authorized to contract with Webster Bank, N.A., for its services as Sinking Fund Depository and Paying Agent for the Note.

**SECTION 6.** The County hereby further authorizes the proper officers of the County to execute and deliver the Amended Note to the Purchaser.

**SECTION 7.** The County shall not assume the payment of any tax or taxes in consideration of the purchase of the Amended Note.

**SECTION 8.** The County hereby covenants not to take or omit to take any action so as to cause interest on the Amended Note to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of the Note. The County further covenants that it will make no investments or other use of the proceeds of the 2019 Note which would cause the 2019 Note to be an “arbitrage bond” as defined in Section 148 of the Code. The County further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable.

**SECTION 9.** For the purpose of expediting the closing and the issuance and delivery of the Amended Note, or in the event that the Chair or the Clerk to County Council of the County

shall be absent or otherwise unavailable for the purpose of executing documents, or for the purpose of taking any other action which they or either of them may be authorized to take pursuant to this Ordinance, the Vice Chair or any Assistant or Acting Clerk to County Council or Treasurer of the County or Acting County Manager, respectively, are hereby authorized and directed to execute documents, or otherwise to act on behalf of the County in their stead.

**SECTION 10.** The proper officers of the County are hereby authorized and directed to take any and all such action, execute, deliver, file and/or record all such documents, publish all notices and otherwise comply with the provisions of this Ordinance and the Act in the name and on behalf of the County.

**SECTION 11.** This Ordinance is enacted pursuant to, and the Amended Note issued hereunder shall be subject to, the provisions of the Act, and all of the mandatory provisions of the Act shall apply hereunder whether or not explicitly stated herein.

**SECTION 12.** In case any one or more of the provisions contained in this Ordinance or in the Amended Note issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of the Amended Note and this Ordinance and the Amended Note shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

**SECTION 13.** All Ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

**SECTION 14.** The proper officers of the County are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices, appoint such other professionals and otherwise comply with the provisions of this Ordinance and the Act in the name and on behalf of the County.

**SECTION 15.** This Ordinance shall take effect on the fifteenth (15th) day following its enactment.

PASSED this \_\_\_\_\_ day of January, 2022.

ROLL CALL VOTE:

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

(COUNTY SEAL)

ATTEST:

COUNTY COUNCIL  
COUNTY OF LUZERNE

\_\_\_\_\_  
Sharon Lawrence  
Clerk to County Council

\_\_\_\_\_  
Kendra Radle  
Chair, County Council

\_\_\_\_\_  
John Lombardo  
Vice Chair, County Council

**CERTIFICATE OF CLERK TO COUNTY COUNCIL**

The undersigned, Clerk to the County Council of the County of Luzerne, **DOES HEREBY CERTIFY** that:

The foregoing Ordinance, attached hereto and made a part hereof, authorizing the interest rate reduction to the County of Luzerne’s \$33,305,000 General Obligation Note, Series of 2019, was duly moved and seconded and enacted by a majority vote of the entire County Council at a duly called and convened public meeting of said Council held on January 11, 2022; and that public notice of said meeting was given as required by law; that the roll of the County Council was called and such members voted, were absent or abstained as follows:

<u>Name</u>	<u>Vote</u>
Kendra Radle, Chair	
John Lombardo, Vice Chair	
Kevin Lescavage	
LeeAnn McDermott	
Tim McGinley	
Chris Perry	
Robert Schnee	
Brian Thornton	
Stephen J. Urban	
Gregory Wolovich, Jr.	

Said Ordinance is a true, complete and correct copy of said Ordinance, which has not been altered, amended, modified, suspended or repealed and is still in full force and effect as of the date of the delivery of this Certificate.

**WITNESS** my hand and seal this \_\_\_th day of January, 2022.

\_\_\_\_\_  
Clerk to County Council

(COUNTY SEAL)

**EXHIBIT A**  
**RATE REDUCTION PROPOSAL**

**County of Luzerne, Pennsylvania**  
**Summary of Modification to Existing Terms & Conditions<sup>1</sup>**  
**\$33,155,000 General Obligation Note, Series of 2019**  
**(The "Notes/Obligations")**

The terms and conditions contained herein are subject to satisfactory completion of due diligence, internal credit approval and such other conditions as may be required by Webster Bank, N.A. and the Webster Public Finance Corporation in its sole discretion. This term sheet is confidential and is not to be relied upon by third parties. Webster Bank, N.A. and the Webster Public Finance Corporation are not registered municipal advisors and cannot provide advice in connection with municipal financial products.

See Note Purchase Agreement dated September 20, 2019 (as amended) for remaining terms and conditions.

Submission Date:	January 5, 2022
Borrower:	County of Luzerne, Pennsylvania, (the "Borrower").
Purchaser:	Webster Public Finance Corporation ("WPFC", "Lender" or "Purchaser").
Par Amount:	\$33,155,000, currently held and funded by the Purchaser. The Note is originally dated November 26, 2019 and had an original principal amount of \$33,305,000 (the "2019 Note").
Closing:	Settlement on the modification of the 2019 Note will occur on or before March 5, 2022.
Final Maturity:	November 1, 2030.
Purpose:	The proceeds of the Series 2019 Note currently refunded the County's outstanding General Obligation Bond Series E of 2008, Series of 2009, General Obligation Notes, Series D of 2008, Series of 2009 provided for the new money needs of the County including but not limited to 911 system infrastructure and equipment, voting machines, and paid the cost of issuance of the 2019 Note.
Tax Status:	The 2019 Note will continue to be exempt from Federal and State Income Tax.
Bank Qualification:	The 2019 Note was not designated Bank Qualified under IRS Section 265(b)(3) as amended.
Security:	The 2019 Note is secured by the General Obligation Pledge of the Borrower and the full faith and credit of the Borrower is pledged to the payment of the principal of and the interest thereon. The Note is a valid and binding General Obligation of the Borrower. Unless paid from other sources, the Borrower is authorized and required by law to levy ad valorem taxes without limit as to rate

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<sup>1</sup> For discussion purposes only. Does not constitute an offer or agreement to lend.



or amount necessary on all taxable property for the payment of the principal of and interest on the Notes.

Amortization:

No changes to amortization on the 2019 Note, with the following remaining payments:

<b>Date</b>	<b>Principal</b>
11/1/2022	\$ 1,495,000
11/1/2023	\$ 2,640,000
11/1/2024	\$ 240,000
11/1/2025	\$ 2,605,000
11/1/2026	\$ 1,660,000
11/1/2027	\$ 3,555,000
11/1/2028	\$ 5,000
11/1/2029	\$ 14,900,000
11/1/2030	\$ 6,055,000
<b>Total</b>	<b>\$ 33,155,000</b>

Interest is calculated based upon a 30/360 day count.

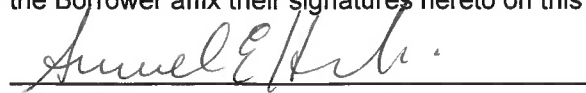
Interest Rate:

WPFC is amending the tax-exempt rate on the 2019 Note to 1.98%.

WEBSTER PUBLIC FINANCE CORPORATION

IN WITNESS WHEREOF, and acknowledging acceptance and agreement of the foregoing, the Lender and the Borrower affix their signatures hereto on this \_\_\_ day of \_\_\_\_, 2022.

By:



Name:

Samuel Hanna

Title:

Delegate for Christopher Motl

Vice President

Webster Public Finance Corporation

LUZERNE COUNTY, PENNSYLVANIA

IN WITNESS WHEREOF, and acknowledging acceptance and agreement of the foregoing, the Lender and the Borrower affix their signatures hereto on this \_\_\_ day of \_\_\_\_, 2022.

By:

\_\_\_\_\_

Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT B**

**REVISED PRINCIPAL AND INTEREST PAYMENTS REFLECTING  
INTEREST RATE REDUCTION**

**LUZERNE COUNTY**

SERIES OF 2022

REFUNDS THE SERIES OF 2019

Settle 2/25/2022

Dated 2/25/2022

1	2	3	4	5	6	7	8
<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>	<u>Existing Debt Service</u>	<u>Savings</u>
5/1/2022		1.980	120,352.65	120,352.65			
11/1/2022	1,495,000	1.980	328,234.50	1,823,234.50	1,943,587.15	1,987,539.63	43,952.48
5/1/2023		1.980	313,434.00	313,434.00			
11/1/2023	2,640,000	1.980	313,434.00	2,953,434.00	3,266,868.00	3,328,288.40	61,420.40
5/1/2024		1.980	287,298.00	287,298.00			
11/1/2024	240,000	1.980	287,298.00	527,298.00	814,596.00	870,894.80	56,298.80
5/1/2025		1.980	284,922.00	284,922.00			
11/1/2025	2,605,000	1.980	284,922.00	2,889,922.00	3,174,844.00	3,230,677.20	55,833.20
5/1/2026		1.980	259,132.50	259,132.50			
11/1/2026	1,660,000	1.980	259,132.50	1,919,132.50	2,178,265.00	2,229,044.50	50,779.50
5/1/2027		1.980	242,698.50	242,698.50			
11/1/2027	3,555,000	1.980	242,698.50	3,797,698.50	4,040,397.00	4,087,956.10	47,559.10
5/1/2028		1.980	207,504.00	207,504.00			
11/1/2028	5,000	1.980	207,504.00	212,504.00	420,008.00	460,670.40	40,662.40
5/1/2029		1.980	207,454.50	207,454.50			
11/1/2029	14,900,000	1.980	207,454.50	15,107,454.50	15,314,909.00	15,355,561.70	40,652.70
5/1/2030		1.980	59,944.50	59,944.50			
11/1/2030	6,055,000	1.980	59,944.50	6,114,944.50	6,174,889.00	6,186,635.70	11,746.70
<b>TOTALS</b>	<b>33,155,000</b>		<b>4,173,363.15</b>	<b>37,328,363.15</b>	<b>37,328,363.15</b>	<b>37,737,268.43</b>	<b>408,905.28</b>
						<b>County Cash Contribution</b>	<b>77,500.00</b>
						<b>Net Savings</b>	<b>331,405.28</b>