

CITY OF CORRY

Resolution

24-27

AN RESOLUTION AUTHORIZING THE MODIFICATION OF EXISTING LEASE RENTAL DEBT INCURRED THROUGH THE ISSUANCE AND SALE OF A GUARANTEED REVENUE NOTE, SERIES OF 2019 IN THE PRINCIPAL AMOUNT OF \$900,000.00 (THE "EXISTING NOTE") BY THE MUNICIPAL AUTHORITY OF THE CITY OF CORRY (THE "AUTHORITY") SECURED BY A GUARANTY AGREEMENT (THE "GUARANTY") BY THE CITY OF CORRY (THE "CITY") TO FIRST NATIONAL BANK OF PENNSYLVANIA (THE "BANK"), FOR THE PURPOSES OF FINANCING A PUBLIC WATER SYSTEM CAPITAL IMPROVEMENTS PROJECT; APPROVING THE EXECUTION AND DELIVERY OF A CONSENT AND CONFIRMATION BY THE CITY TO A MODIFICATION AGREEMENT TO BE EXECUTED BY THE AUTHORITY AND THE BANK AND THE CONCURRENT ISSUANCE OF THE AUTHORITY'S \$119,750.00 AMENDED AND RESTATED GUARANTEED REVENUE NOTE, SERIES OF 2024 IN REPLACEMENT OF THE EXISTING NOTE; CONFIRMING THE CONTINUING APPLICABILITY OF THE GUARANTY TO THE AMENDED AND RESTATED NOTE AND THE CONTINUED PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY FOR THE PAYMENT OF THE AMENDED AND RESTATED NOTE; AUTHORIZING THE APPROPRIATE OFFICERS OF THE CITY TO TAKE CERTAIN ACTIONS AND TO ISSUE, EXECUTE AND DELIVER CERTAIN DOCUMENTS, INCLUDING THE CONSENT AND CONFIRMATION TO THE MODIFICATION AGREEMENT, NECESSARY TO CONSUMMATE THE MODIFICATION TRANSACTION WITH THE BANK, AND TO TAKE SUCH FURTHER ACTION AS NECESSARY TO EFFECT THE FOREGOING PURPOSES.

WHEREAS, the City of Corry (the "City") is a local government unit under the provisions of the Pennsylvania Local Government Unit Debt Act (the "Act"); and

WHEREAS, The Municipal Authority of the City of Corry (the "Authority") is a municipal authority organized by appropriate action of the City and existing under the Pennsylvania Municipality Authorities Act (the "Authorities Act"); and

WHEREAS, the Authority owns, among other things, the public water system ("Water System") in and around the City, and the City operates the Water System pursuant to a Lease Agreement between the Authority and the City; and

WHEREAS, the Authority has undertaken a public water system capital improvements Project consisting of the design, construction and/or installation of upgrades and renovations to the Authority's public water system, including construction of (i) a new water treatment

building, (ii) new water storage tanks, and (iii) two new water booster pump stations (the "Project"); and

WHEREAS, in order to finance a portion of the costs of the Project, the Authority previously issued its \$900,000.00 Guaranteed Revenue Note, Series of 2019 dated November 21, 2019 (the "Existing Note") in favor of the Bank. In order to secure the payment of all amounts due under the Note to the Bank, the City entered into a Guaranty Agreement dated November 21, 2019 (the "Guaranty") in favor of the Bank providing for the unconditional guarantee by the City of all amounts due under the Existing Note and the pledge by the City of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty.

WHEREAS, pursuant to its Commitment Letter dated August 13, 2024, (the "Commitment"), First National Bank of Pennsylvania (the "Bank") has agreed to modify the terms of the Existing Note to (i) extend its maturity date, and (ii) provide for the amortization of the outstanding principal balance of the Existing Note on the terms as set forth in the Bank's Commitment and this Resolution as described below; and

WHEREAS, the Bank requires a issuance and delivery of a Consent and Confirmation (the "Consent and Confirmation") by the City, consenting to a Modification Agreement to be executed by the Authority and the Bank and the concurrent issuance of the Authority's \$119,750.00 Amended and Restated Guaranteed Revenue Note, Series of 2024 (the "Amended and Restated Note") in replacement of the Existing Note; and confirming the continuing applicability of the Guaranty to the Amended and Restated Note and the continued pledge of the full faith, credit and taxing power of the City for the payment of the Amended and Restated Note;

WHEREAS, the modification of the Existing Note and the issuance of the Amended and Restated Note will not constitute the incurrence of new indebtedness by the Authority and the Consent of the City confirming the applicability of the Guaranty will not constitute the incurrence of additional lease rental debt under the Act.

NOW, THEREFORE, BE IT RESOLVED AND ENACTED by the City of Corry, Erie County, Pennsylvania, and it is hereby resolved and enacted by the authority of the City of Corry as follows:

SECTION 1. The City hereby authorizes the execution and delivery of its Consent and Confirmation evidencing its (i) consent to the Modification Agreement to be executed by the Authority and the Bank and the concurrent issuance of the Authority's \$119,750.00 Amended and Restated Guaranteed Revenue Note, Series of 2024 (the "Amended and Restated Note") in replacement of the Existing Note; and (ii) confirmation of the continuing applicability of the Guaranty to the Amended and Restated Note and the continued pledge of the full faith, credit and taxing power of the City for the payment of the Amended and Restated Note

SECTION 2. The Amended and Restated Note will be a current interest paying note. The Amended and Restated Note shall be dated as of its date of issuance. The maximum


principal amount of the Amended and Restated Note is not to exceed \$119,750.00, which shall be fully amortized and repaid over a term of five years. The interest rate on the Amended and Restated Note shall be a fixed rate based on 80% of the Bank's 5-year cost of funds plus a spread of 2.00% as determined three business days prior to the date of closing.

SECTION 3. The City has determined that a private sale of the Amended and Restated Note by negotiation rather than public sale is in the best financial interest of the City. Therefore, the City hereby approves and authorizes the issuance of the Consent and Confirmation, subject to and in accordance with the Authority's issuance and sale of the Amended and Restated Note to the Bank.

SECTION 4. The Mayor of the City and the City Clerk (the "Proper Officers") are authorized and directed to execute and deliver the Consent and Confirmation to the Bank, and to execute and deliver all other required loan documents and take all other necessary actions to consummate the modification transaction with the Bank.

RESOLVED AND ENACTED this 16th day of September, 2024.

ATTEST



Laura L. Thomas
Laura L. Thomas, City Clerk

CITY OF CORRY

By:

Michael E. Baker
Michael E. Baker, Mayor

(SEAL)

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