

FILING PROCEDURES FOR APPROVAL OF LEASE RENTAL DEBT
UNDER PROVISIONS OF THE LOCAL GOVERNMENT UNIT DEBT ACT

1. ORDINANCE AND NOTICES:

A) Section 8003 of the Act sets forth the requirements for the notice of intent to adopt the resolution or ordinance authorizing the incurrence of lease rental debt and the notice of final enactment of same. There are specific requirements relative to the content of the notices and dates of publication. In addition, with regard to lease rental debt, there is a requirement that the notice of final enactment include the range of lease rental payments.

B) Section 8103 of the Act sets forth the requirements relative to the content of the resolution or ordinance authorizing the incurrence of debt. Subsection (1) sets forth general requirements applicable with respect to all debt; subsection (3) sets forth additional requirements relative to the issuance of lease rental debt. This subsection also refers to other provisions in the Act which may be applicable.

C) With regard to lease rental debt by guaranty agreement, that is, where the local government unit is guaranteeing Authority debt or the debt of another local government unit, Section 8104 of the Act sets forth the special covenant which must be included in the ordinance or guaranty agreement, or both.

D) Section 8110 of the Act sets forth the requirements for the preparation of the debt statement; see also Section 8002 relative to the preparation of the borrowing base certificate. The Department does have available sample formats for the debt statement and borrowing base certificate.

2. FILING REQUIREMENTS

Section 8111 of the Act identifies what documents must be filed with the Department in order to obtain approval of the issuance of debt under the Local Government Unit Debt Act. We require two copies, two-hole punched at the top of the page, of the following documents:

- * A. The ordinance or resolution authorizing the incurrence of such debt.
- * B. The proper proofs of publication, prepared by the circulating newspaper(s) of the notices of intent and final enactment.
- * C. A copy of the guaranty agreement or lease rental or subsidy agreement.

(These agreements are not required by the Act; however, they are helpful in the Department's review)

- * D. The debt statement and borrowing base certificate.
- * E. The appropriate filing fee (principal amount of debt x .00003125, plus \$50).

LEAVE FOUR INCHES OF BLANK SPACE AT THE TOP OF THE FIRST PAGE OF THE PROCEEDINGS TO ALLOW FOR THE STAMP OF APPROVAL.

Upon receipt of the filing by the Department of Community and Economic Development of all of the required documents as identified above, the Department has twenty (20) days within which to issue an approval or disapproval, or to notify the local government unit of correctable errors. Upon notification of correctable errors, the local government unit has ten (10) days within which to submit additional documentation to the Department. See Sections 8205 and 8206 of the Act. Thus, a local government unit should allow for at least twenty (20) days for review and notification from the Department. If corrections are necessary, additional time may be necessary in order to provide corrective materials and permit the issuance by the Department of an approval.

The Department does not, in any event, issue an approval prior to the sixteenth (16th) day from receipt of the filing by the local government unit because of the fifteen (15) day appeal period provided by Section 8211 of the Act.

Lease rental debt proceedings must be filed in the Office of Chief Counsel, Department of Community and Economic Development, Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, PA 17120-0225. For further information or questions, please write to us at that address, or telephone us at (717) 783-8452.

DEBT STATEMENT PURSUANT TO SECTION 8110
LOCAL GOVERNMENT UNIT DEBT ACT

Local Government Unit _____

_____ County

Statement as of _____
(Date – within 60 days of filing date)

Section 8002 I. GROSS INCURRED DEBT

		Electoral	Nonelectoral	Lease Rental
A.	Bonds outstanding	\$ _____	\$ _____	\$ _____
	List and identify	\$ _____	\$ _____	\$ _____
	by year of issue	\$ _____	\$ _____	\$ _____
		\$ _____	\$ _____	\$ _____
		\$ _____	\$ _____	\$ _____
B.	Notes Outstanding	\$ _____	\$ _____	\$ _____
	List and identify	\$ _____	\$ _____	\$ _____
	by year of issue	\$ _____	\$ _____	\$ _____
		\$ _____	\$ _____	\$ _____
		\$ _____	\$ _____	\$ _____
	TOTAL	\$ _____	\$ _____	\$ _____

II. CREDITS & EXCLUSIONS

Section 8028(b)

Less:
(where applicable)

1.	Sinking Funds, reserve accounts, bond proceeds	\$ _____	\$ _____	\$ _____
2.	Current appropriations	\$ _____	\$ _____	\$ _____
3.	Uncollected special assessments	\$ _____	\$ _____	\$ _____
4.	Delinquent taxes and liens	\$ _____	\$ _____	\$ _____
5.	Surplus cash	\$ _____	\$ _____	\$ _____
6.	Solvent debts due	\$ _____	\$ _____	\$ _____
7.	Indemnifying insurance	\$ _____	\$ _____	\$ _____
8.	Self-liquidating and self-sustaining debt (Excluded under Sections 8024, 8025, 8026)	\$ _____	\$ _____	\$ _____
	TOTAL NET INDEBTEDNESS	\$ _____	\$ _____	\$ _____

III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt \$ _____

IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250 after settlement of the issue.
(Refunding issues only) \$ _____

The borrowing base as shown by appended borrowing base certificate \$ _____

Applicable debt limitations

(a) nonelectoral
(250% of the borrowing base; 300% for counties) \$ _____

(a)(1) nonelectoral plus lease rental debt limit for school district borrowings
(225% of the borrowing base) \$ _____

(b) nonelectoral plus lease rental
(350% of the borrowing base; 400% for counties) \$ _____

Section 8110(a) IN WITNESS WHEREOF, we, _____,

_____ and _____,

being authorized to prepare, certify and file the foregoing statement, have hereunto set out hands and affixed the seal

of the _____, this _____ day of _____,
(Name of Local Government Unit)

20____.

(SEAL)

Secretary

SECTION 8110(b) CERTIFICATE

(If claiming exclusions on the debt statement, the following certification must be included)

I hereby certify that no decrease in the amounts to be excluded is required by any change of circumstances other than decreases resulting from the payments of bonds or notes.

(note: if there is a decrease other than from payments, the Local Government Unit must reduce the amount being excluded to reflect the changed circumstances).

BORROWING BASE CERTIFICATE - SECTION 8002

The borrowing base is the arithmetic average of total revenues received for the three fiscal years preceding the fiscal year in which the debt ordinance is enacted, as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002. The following method may be used:

BORROWING BASE CERTIFICATE

Prepared as of
(Date)

FISCAL YEAR

(Three prior fiscal years)	_____	_____	_____
Total Revenues Received (money from <u>all</u> sources)	\$ _____	\$ _____	\$ _____
<u>Less:</u>			
(1) State and Federal subsidies and reimbursements related to a particular project financed by debt	\$ _____	\$ _____	\$ _____
(2) Revenues, receipts, assessments, etc., pledged for self-liquidating debt	\$ _____	\$ _____	\$ _____
(3) Interest on moneys in sinking funds pledged for debt	\$ _____	\$ _____	\$ _____
(4) Grants and gifts-in-aid measured by construction or acquisition of specific projects	\$ _____	\$ _____	\$ _____
(5) Nonrecurring receipts	\$ _____	\$ _____	\$ _____
 SUBTOTAL	\$ _____	\$ _____	\$ _____
 TOTAL NET REVENUES		\$ _____	
 BORROWING BASE (Total Net Revenues divided by 3)		\$ _____	

(SEAL)

Secretary

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF _____ :

Before me, the undersigned Notary Public, personally appeared _____,
_____ and _____, who
being duly sworn according to law depose and say that they are the _____,
(Title of Officer)
_____ and _____ of
(Title of Officer) (Title of Officer)
_____ and that the facts set forth in the foregoing
(Name of Local Government Unit)
are true and correct.

(Title of Officer)

(Title of Officer)

(Title of Officer)

Sworn to and subscribed before me

this _____ day of _____, 20_____.

Notary Public