

COUNTY OF YORK, PENNSYLVANIA

ORDINANCE NO. 2005-03

OF THE BOARD OF COUNTY COMMISSIONERS OF THIS COUNTY AUTHORIZING AND APPROVING A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT (AN INTEREST RATE SWAP AGREEMENT) WITH RESPECT TO THE COUNTY GUARANTEED REVENUE BONDS, SERIES A OF 2000, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$19,090,000, ISSUED BY THE GENERAL AUTHORITY OF SOUTHCENTRAL PENNSYLVANIA THAT EVIDENCE LEASE RENTAL INDEBTEDNESS OF THIS COUNTY; SETTING FORTH THE SUBSTANTIAL FORM OF SAID QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; SETTING FORTH AND APPROVING THE INTEREST RATE MANAGEMENT PLAN ADOPTED BY SAID AUTHORITY; DECLARING THE MANNER IN WHICH SAID QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT IS TO BE AWARDED BY SAID AUTHORITY; MAKING CERTAIN COVENANTS OF THIS COUNTY WHICH ARE INTENDED TO SECURE SAID QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AUTHORIZING APPROPRIATE OFFICERS OF THIS COUNTY TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH SUCH QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, The County of York, Pennsylvania (the "County") is a political subdivision (a county of the third class) of the Commonwealth of Pennsylvania (the "Commonwealth"), is governed by its Board of County Commissioners (the "Board"), and is a "Local Government Unit,"

within the meaning of the Local Government Unit Debt Act of the Commonwealth, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"); and

WHEREAS, The General Authority of Southcentral Pennsylvania (the "Authority"), is a municipality authority incorporated pursuant to appropriate action of the Board of the County and is existing under and governed by provisions of the Municipality Authorities Act, 53 Pa.C.S. Ch. 56 (the "Authorities Act"); and

WHEREAS, The Authority was requested by the County to finance various capital projects (collectively, the "Projects") on behalf of the County, and for such purposes the Authority issued and delivered a series of bonds designated as its "County Guaranteed Revenue Bonds, Series A of 2000", dated as of June 1, 2000, in the original aggregate principal amount of \$22,035,000, and currently outstanding in the aggregate principal amount of \$19,090,000 (the "Bonds"); and

WHEREAS, The County entered into a Loan Agreement, dated as of June 1, 2000 (the "Loan Agreement"), with the Authority pursuant to which the proceeds of the Bonds were made available to the County for the payment of costs of the Projects and the County agreed to make payments to the Authority equal to all sums due on the Bonds and related contracts; and

WHEREAS, The County enacted Ordinance #2000-3 on April 26, 2000 (the "2000 Ordinance"), authorizing a Guaranty Agreement, dated as of June 1, 2000 (the "Guaranty Agreement"), with respect to the Bonds, pursuant to which the County unconditionally guaranteed the payment of the principal of and interest on the Bonds and certain additional amounts such as net payments due under interest rate swap agreements attached to the Bonds; and

WHEREAS, The Guaranty Agreement evidences lease rental debt of the County (the proceedings of the County for the incurring of such lease rental debt having been approved by the

Department of Community and Economic Development (the "Department") under Approval No. LRA-3413, dated June 2, 2000); and

WHEREAS, The County enacted Ordinance #2004-2, on February 11, 2004 (the "2004 Ordinance"), filed with the Department, amending the 2000 Ordinance to increase the guaranteed payments of the principal of and interest on \$70,000,000 maximum aggregate principal amount of County Guaranteed Revenue Bonds, and certain net amounts payable under interest rate swap agreements and related contracts with respect to such County Guaranteed Revenue Bonds, to 25%, per annum; and

WHEREAS, The Authority, at the request of the County, on March 1, 2004, converted the interest rate mode of the Bonds to bear a fixed rate of 4.50% for a term ending on December 1, 2008, and simultaneously entered into in an interest rate swap agreement with the Royal Bank of Canada ("RBC"), under which RBC pays the Authority a fixed rate of 2.51% and the Authority (and the County under the Loan Agreement) pays RBC a variable rate equal to the Bond Market Association ("BMA") index, on the notional (principal) amount of the Bonds outstanding during the same term ending on December 1, 2008 (the "2004 Term Rate Swap"); and

WHEREAS, RBC Dain Rauscher Inc. (the "Underwriter") has presented to the Board of the County a proposal (the "Proposal") in which the Authority would enter into an interest rate swap agreement with RBC, under which the Authority (and the County under the Loan Agreement) would pay RBC a fixed rate and RBC would pay a variable rate equal to the BMA index over a term not to exceed the final maturity date of the Bonds (the "2005 Swap Agreement"); and

WHEREAS, The Debt Act, including the amendments made by Act No. 2003-23, effective September 24, 2003, contemplate that the County may become obligated for all or a portion of the

costs of a public authority incurred under the terms of an interest rate swap agreement meeting the requirements for a “qualified interest rate management agreement” under the Debt Act with respect to bonds or notes issued by such authority that evidence lease rental indebtedness of the County; and

WHEREAS, The Authority on March 14, 2005, approved and adopted an interest rate management plan prepared by Investment Management Advisory Group, Inc., an “Independent Financial Advisor” as defined in the Debt Act (the “Financial Advisor”), which addresses certain financial information and risks associated with the 2005 Swap Agreement and certain other swap agreements paid or guaranteed by the County (the “Interest Rate Management Plan”); and

WHEREAS, The Board of the County duly has read and considered the Proposal, the Interest Rate Management Plan previously adopted by the Authority and the proposed terms and conditions of the proposed 2005 Swap Agreement; and

WHEREAS, The 2005 Swap Agreement is consistent with the Interest Rate Management Plan; and

WHEREAS, The Authority proposes to award the 2005 Swap Agreement to RBC, at private sale by negotiation, and to enter into the 2005 Swap Agreement; and

WHEREAS, RBC possesses qualifications (including a credit rating) satisfying the criteria established by the Debt Act and the Interest Rate Management Plan; and

WHEREAS, The Board of the County desires to take all action necessary to authorize and approve the execution and delivery of the 2005 Swap Agreement and/or related instruments by the Authority, to further secure the 2005 Swap Agreement under the terms hereof and of the Guaranty

Agreement, and to execute and deliver such documents as may be necessary to implement the Proposal.

NOW, THEREFORE, BE IT RESOLVED, by the Board of the County, as follows:

Section 1. The Board of the County does hereby approve the Interest Rate Management Plan, a copy of which is attached hereto as Appendix A, and, without limiting the generality of the foregoing, approves, ratifies and confirms the qualifications established by the Authority and the County in said Plan for the selection of RBC as the provider of the 2005 Swap Agreement, which qualifications include, among other things, a rating for the provider of the 2005 Swap Agreement that is in one of the three highest rating categories of a nationally recognized credit rating agency.

Section 2. The Board of the County determines that (i) the 2005 Swap Agreement, shall be awarded at private sale by negotiation, which is determined to be in the best financial interest of the County, (ii) RBC possesses the qualifications required by law and the Interest Rate Management Plan for a provider of a qualified interest rate management agreement, and (iii) the 2005 Swap Agreement shall be awarded to RBC, as approved by the Authority.

Section 3. The Board hereby finds and declares the following:

(1) the notional amount of the 2005 Swap Agreement at all times shall not exceed the outstanding principal amount of the Bonds;

(2) the term of the 2005 Swap Agreement shall not exceed the latest maturity date of the Bonds;

(3) the 2005 Swap Agreement shall contain a provision requiring the termination thereof if the Bonds are no longer outstanding;

(4) the fixed or maximum annual interest rate which shall be required to be paid by the Authority or the County under the 2005 Swap Agreement;

(5) the maximum net payments by fiscal year due and payable by the County with respect to the Bonds, excluding principal of the Bonds, shall not exceed the aforesaid maximum interest rate set forth in the 2000 Ordinance, as amended by the 2005 Ordinance, for (i) periodic scheduled payments, not including any termination payments, due under the 2005 Swap Agreement, (ii) periodic scheduled payments, not including any termination payments, due under the 2004 Term Rate Swap and applicable to the Bonds, and (iii) the interest on the Bonds;

(6) the source of payment of the County's obligations with respect to the 2005 Swap Agreement shall be general revenues;

(7) the 2005 Swap Agreement, in the form herein authorized and approved, contains provisions addressing the actions to be taken if the credit rating of RBC changes;

(8) the periodic scheduled payments due under the 2005 Swap Agreement and any payments due under the Guaranty Agreement in respect of principal of and interest on the Bonds shall be senior in right and priority of payment to any termination payments due under the 2005 Swap Agreement.

Section 4. The Board of the County does authorize and approve the 2005 Swap Agreement, which shall be substantially in the form (including an ISDA Master Agreement, related Schedule(s) and Confirmation) attached hereto as **Appendix B**.

Section 5. Subject to the receipt of (i) the oral opinion, which shall be followed by a written confirmation, from the Financial Advisor that the financial terms and conditions of the 2005

Swap Agreement, including the proposed final Confirmation, are fair and reasonable to the Authority and the County, and (ii) a determination by the County Administrator that the final terms and conditions of the 2005 Swap Agreement (including (a) the fixed interest rate payable by the Authority and County, (b) the commencement date for the payments due under the 2005 Swap Agreement, and (c) the termination date for the payments due under the 2005 Swap Agreement) are satisfactory, then any two or more of the members of the Board of the County shall execute on behalf of the County such instruments and documents as may be necessary or appropriate to secure the 2005 Swap Agreement under the terms hereof; *provided, however, that the fixed interest rate used to calculate the sums payable to RBC under the 2005 Swap Agreement shall not exceed 6.0%.*

The Authority is requested to enter into the 2005 Swap Agreement, substantially in the form set forth in Appendix B, with such insertions, omissions and variations consistent with this Ordinance as the County Administrator may request and approve, his execution of a certificate or similar instrument to constitute conclusive evidence of such approval. Officers and agents of the County shall file appropriate proceedings regarding the 2005 Swap Agreement with the Department, as required by Section 8284 of the Debt Act

Section 6. The County hereby covenants to do the following:

(a) To include the periodic scheduled amounts payable under the 2005 Swap Agreement for each fiscal year of the County in the budget of the County for that fiscal year; and

(b) To appropriate those amounts from the general revenues of the County for the payment of amounts due under the 2005 Swap Agreement or in

respect of the County's guaranty obligations with respect to the 2005 Swap Agreement.

Section 7. The County does hereby pledge its full faith, credit and taxing power for the budgeting, appropriation and payment of periodic scheduled payments due under the 2005 Swap Agreement and payable by it to satisfy its guaranty obligations with respect to the 2005 Swap Agreement.

Section 8. The County does hereby covenant that the periodic scheduled payments due under the 2005 Swap Agreement and guaranteed by the County and the payments in respect of principal of and interest on all County Guaranteed Revenue Bonds payable by the County under the Loan Agreement and the Guaranty Agreement shall be equally and ratably payable and secured.

Section 9. The County hereby covenants to include any termination payment or similar payment required under the 2005 Swap Agreement, which may become due and payable by the County under the terms of the Guaranty Agreement, in the County's then current budget at any time during a fiscal year or in a budget adopted in a future fiscal year.

Section 10. The County covenants to include in its annual financial statements information with respect to the 2005 Swap Agreement, including any information required pursuant to any Statement issued by the Governmental Accounting Standards Board. The Financial Advisor is retained to perform ongoing monitoring of the financial consequences of the 2005 Swap Agreement, as well as other outstanding swap obligations payable by the County, subject to the terms of an appropriate written agreement.

Section 11. The prior advertisement of a public notice of intent to enact this Ordinance in one or more newspapers of general circulation in the County is hereby ratified and confirmed,

and the advertisement of a public notice of the enactment of this Ordinance within 15 days following its enactment, as required by the Debt Act, is hereby authorized and directed. The Chief Clerk of the Board is hereby authorized and directed to arrange for the advertisement of such notices or to authorize and direct the Solicitor or bond counsel for the County to make such arrangements.

Section 12. The President or Vice President of the Board and the Chief Clerk, respectively, of the County are authorized and directed, as required, necessary and/or appropriate: (a) to file with the Department of Community and Economic Development of the Commonwealth (the "Department") a certified copy of this Ordinance, including its appendices, and a copy of the proofs of publication of the required public notices of this Ordinance, (b) to pay or to cause to be paid to the Department all proper filing fees required in connection with the foregoing, and (c) to pay, or to authorize payment of, all other fees and expenses of the County and the Authority incurred or to be incurred in connection with undertaking the 2005 Swap Agreement as contemplated by the Interest Rate Management Plan and the Proposal, including fees and expenses of preparing, advertising and enacting this Ordinance.

Section 13. Proper officers of the County are authorized and directed to take all other required, necessary and/or appropriate action, or to authorize all other required, necessary or appropriate action to be taken, by or on behalf of the County, to implement the 2005 Swap Agreement, the Proposal and the approved Interest Rate Management Plan.

Section 14. Proper officers of the Authority are authorized and requested to take all other required, necessary and/or appropriate action, or to authorize all other required necessary or

appropriate action to be taken, by or on behalf of the Authority, to implement the 2005 Swap Agreement, the Proposal and the approved Interest Rate Management Plan.

Section 15. Any reference in this Ordinance to an officer of the County or a member or officer of the Board of the County shall be deemed to refer to his or her duly qualified successor in office, if applicable.

Section 16. This Ordinance shall be effective for all purposes immediately upon its enactment, as permitted by the Debt Act.

Section 17. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the County that such remainder shall be and shall remain in full force and effect.

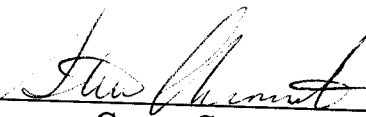
Section 18. All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

DULY ENACTED, by the Board of the County, in lawful session duly assembled, this 16th
day of March, 2005.

COUNTY OF YORK, PENNSYLVANIA

By: 
County Commissioner

By: 
County Commissioner

By: 
County Commissioner

ATTEST:


Chief Clerk

(SEAL)

APPENDIX A

INTEREST RATE MANAGEMENT PLAN

APPENDIX B

SUBSTANTIAL FORM OF INTEREST RATE MANAGEMENT AGREEMENT

(including ISDA Master Agreement, Schedule(s) and Confirmation)

CERTIFICATE

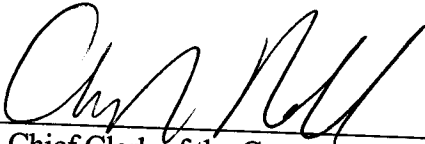
I, the undersigned, Chief Clerk of the COUNTY OF YORK, Pennsylvania (the "County"), certify that: the foregoing is a true and correct copy of an Ordinance that duly was enacted by affirmative vote of a majority of all members of the Board of County Commissioners of the County at a meeting duly held on March 16, 2005; said Ordinance duly has been recorded in the ordinance book of the County; a notice with respect to the intent to enact said Ordinance has been published as required by law; said Ordinance was available for inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania and such notice; and said Ordinance has not been amended, altered, modified or repealed as of the date of this Certificate.

I further certify that the Board of County Commissioners of the County met the advance notice and public comment requirements of the Sunshine Act, 65 Pa. C.S. §701 et seq., as amended, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the principal office of the County or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at such meeting prior to enacting said Ordinance, all as required by such Act.

I further certify that: the total number of members of the Board of County Commissioners of the County is three (3), the vote of members of the Board of County Commissioners of the County upon said Ordinance was called and duly was recorded upon the minutes of said meeting; and members of the Board of County Commissioners of the County voted upon said Ordinance in the following manner:

Lori O. Mitrick -
Douglas E. Kilgore -
Steve Chronister -

IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this 16th day of March, 2005.



Chief Clerk of the County of York,
Pennsylvania

(SEAL)