

COUNTY OF YORK, PENNSYLVANIA

ORDINANCE NO. 89-1

AUTHORIZING THE INCURRING OF NONELECTORAL DEBT BY COUNTY OF YORK TO FINANCE THE COST OF CERTAIN CAPITAL PROJECTS; PROVIDING FOR THE ISSUANCE OF A SERIES OF GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$30,080,000; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITARY; SETTING FORTH THE MATURITIES, RATES OF INTEREST AND REDEMPTION PROVISIONS FOR SAID BONDS; PROVIDING FOR THE REGISTRATION, TRANSFER AND EXCHANGE OF SAID BONDS; AWARDED THE BONDS TO THE PURCHASERS THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS; ASSUMING AND AGREEING TO PAY CERTAIN TAXES IF AND AS LEVIED ON SAID BONDS AND PROVIDING FOR PAYMENTS INTO AND FROM A SINKING FUND; COVENANTING TO PAY DEBT SERVICE ON THE BONDS AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY FOR THE PAYMENT THEREOF; ESTABLISHING A SINKING FUND, REBATE FUND AND CONSTRUCTION FUND; RESTRICTING THE INVESTMENT OF THE PROCEEDS OF THE BONDS; PROVIDING FOR COVENANTS REGARDING FEDERAL INCOME TAX MATTERS; AUTHORIZING THE PREPARATION AND FILING OF A DEBT STATEMENT, BORROWING BASE CERTIFICATE, DEBT EXCLUSION PROCEEDINGS AND A TRANSCRIPT OF THE PROCEEDINGS FOR THE ISSUANCE OF THE BONDS; PROVIDING FOR THE FORM OF BONDS; APPROVING AN OFFICIAL STATEMENT FOR THE BONDS; PROVIDING FOR A MUNICIPAL BOND NEW ISSUE INSURANCE POLICY; AND REPEALING INCONSISTENT ORDINANCES AND RESOLUTIONS.

WHEREAS, County of York, Pennsylvania (the "County"), proposes to incur nonelectoral debt by the issuance of its general obligation bonds, the proceeds of which, together with the income from the investment of part of such proceeds, will be used to finance the cost of certain capital projects hereinafter described and to pay all expenses incurred by the County in connection with the issuance and sale of such bonds; and

WHEREAS, in accordance with Section 106 of the Local Government Unit Debt Act, Act No. 52 of the 1978 General Assembly of the Commonwealth of Pennsylvania, as amended (the "Debt Act"), the County has obtained realistic cost estimates for such capital projects through professional estimates from professional architects and engineers and others qualified by experience;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Commissioners of the County and it is hereby ordained and enacted by the authority of the same as follows:

Section 1. Incurrence of Nonelectoral Debt; the Bonds.
The County hereby determines to incur nonelectoral debt in accordance with the provisions of the Debt Act by the issuance of its general obligation bonds in the aggregate principal amount of

\$30,080,000 designated "County of York, Pennsylvania, General Obligation Bonds, Series of 1989" (the "Bonds").

Section 2. The Projects. The Bonds shall be issued to (i) finance the costs of (a) the construction of renovations and an addition to the County's prison, (b) the construction of a juvenile detention center, (c) the acquisition and renovation of an existing building known as the Bon-Ton Building, (d) the construction of an addition to the Nixon Nature Center, (e) the renovation of the County's farmhouse and (f) the acquisition of an easement in certain land in connection with the Pennsylvania Farmland Preservation Program (collectively, the "Capital Projects"), and (ii) pay all expenses incurred by the County in connection with the issuance and sale of the Bonds. The proceeds of the Bonds, together with the income from the investment of a part of such proceeds, will be used to pay the "cost" of the Capital Projects within the meaning of the Debt Act. The estimated cost of the Capital Projects, based on professional estimates from professional architects and engineers and others qualified by experience, and the realistic estimated useful lives of the Capital Projects are as follows:

<u>Capital Project Description</u>	<u>Estimated Cost</u>	<u>Life (Years)</u>
Renovations and Addition to County Prison	\$19,903,000	40
Juvenile Detention Center	2,000,000	40
Bon-Ton Building Acquisition and Renovations	7,000,000	40
Addition to Nixon Nature Center	250,000	40
County Farmhouse Renovations	70,000	40
Easement Acquisition	<u>150,000</u>	40
Total	\$29,373,000	

Section 3. Appointment of Paying Agent and Sinking Fund Depository. The proper officers of the County are hereby authorized and directed to contract with The York Bank and Trust Company, York, Pennsylvania, for its services as paying agent for the Bonds (in such capacity, the "Paying Agent") and as sinking fund depository (in such capacity, the "Sinking Fund Depository"), and The York Bank and Trust Company is hereby appointed to such positions.

Section 4. Denominations; Rates of Interest; Dates; Numbers; Maturities. The Bonds shall be issued in fully registered form in the denomination of \$5,000 and integral multiples thereof, shall be initially dated as of August 1, 1989 and thereafter shall be dated the date of their authentication and shall bear interest at the rates set forth in the table below from the interest payment date next preceding the date of authentication unless (a) such Bond is authenticated as of an interest payment date, in which event such Bond shall bear interest from the date of authentication, or (b) such Bond is authenticated after a Record Date, as such term is hereinafter defined, and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is authenticated on or prior to the Record Date preceding April 1, 1990, in which event such Bond shall bear interest from August 1, 1989, shall bear such serial numbers as the Paying Agent shall assign thereto according to the records of the Paying Agent and shall mature on October 1 of the years and in the principal amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>
1992	\$ 10,000	6.10%	1999	\$ 1,610,000	6.50%
1993	10,000	6.10%	2000	1,715,000	6.60%
1994	640,000	6.125%	2001	1,830,000	6.75%
1995	675,000	6.20%	2002	1,950,000	6.85%
1996	715,000	6.25%	2003	2,085,000	6.90%
1997	1,420,000	6.35%			
1998	1,515,000	6.45%	2009	15,905,000	6.90%

Interest on the Bonds shall be due and payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 1990, to the registered holders of the Bonds at the close of business on the March 15 and September 15 (whether or not a day on which the Paying Agent shall be open for business) next preceding such interest payment date (the "Record Date"), irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such interest payment date. Principal shall be paid at the principal corporate trust office of the Paying Agent, or at the duly designated office of any duly appointed alternate or successor paying agent, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by check or draft drawn upon any such paying agent and mailed to the registered holders of the Bonds entitled thereto at their addresses as they appear on the Bond registry books of the County. In the event any such interest is not paid, such defaulted interest will be payable to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such

defaulted interest established by notice mailed by or on behalf of the County to the registered holders of the Bonds not less than 15 days preceding such special record date. Such notice will be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth day preceding the date of mailing.

If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for the redemption thereof, and if the County shall have deposited in escrow with the Paying Agent, or if left with it in escrow if previously so deposited, funds sufficient to pay the principal thereof (and the premium, if any) together with all interest due thereon to the date of maturity thereof or to the date fixed for the redemption thereof, as the case may be, for the benefit of the registered holder thereof, all liability of the County to the registered holder thereof for the payment of the principal thereof and the interest thereon (and all liability of the County to the registered holder thereof for the premium, if any), as the case may be, shall forthwith cease, determine and be completely discharged, unless the Paying Agent shall, as permitted by law, thereafter pay the amounts so deposited with the Paying Agent for the payment thereof or of any interest thereon (or of any premium thereon) to the County or to such officer, board or body as may then be entitled by law to receive the same, in which case the registered holder thereof shall thereafter look only to the County or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without interest thereon.

Section 5. Redemption. Bonds maturing on or after October 1, 1995 and to and including October 1, 2003 are subject to redemption prior to maturity, at the option of the County, either as a whole on October 1, 1994 or on any date thereafter, or in part, from time to time, in the inverse order of their maturities and by lot within a maturity, on October 1, 1994 or on any interest payment date thereafter, in each case, at a redemption price equal to 100% of the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption.

Bonds maturing on October 1, 2009 are subject to redemption prior to maturity, at the option of the County, either as a whole on October 1, 1997 or on any date thereafter, or in part, from time to time, by lot, on October 1, 1997 or on any interest payment date thereafter, in each case, at a redemption price equal to 100% of the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption.

Bonds maturing on October 1, 2009 (the "Term Bonds") are subject to mandatory redemption prior to maturity in part by lot in the principal amounts and on October 1 of the years shown below at a redemption price equal to 100% of the principal amount

redeemed, together with interest accrued thereon to the date fixed for redemption:

<u>Year</u>	<u>Amount</u>
2004	\$2,230,000
2005	2,385,000
2006	2,545,000
2007	2,725,000
2008	2,910,000

Not less than 30 nor more than 45 days prior to each October 1 on which Term Bonds must be redeemed, the Paying Agent shall give notice of the redemption on such October 1 (the "Mandatory Redemption Date") of the principal amount of the Term Bonds to be redeemed, except that the amount to be redeemed shall be reduced by the principal amount of (a) any Term Bonds which are surrendered to the Paying Agent by the County before the August 15 immediately preceding the Mandatory Redemption Date for credit against such redemption and not previously so credited and (b) any Term Bonds, the serial numbers of which shall be specified by the County to the Paying Agent before such August 15, as to which the County obtains for the Paying Agent before such August 15 the unconditional right to purchase on the Mandatory Redemption Date at a price not greater than the principal amount thereof plus accrued interest thereon to the Mandatory Redemption Date. On the Mandatory Redemption Date, the Paying Agent shall redeem the amount of Term Bonds specified in the notice of redemption and purchase the Term Bonds covered by such rights of purchase.

If less than all Bonds of a maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot by the Paying Agent in such manner as the Paying Agent may determine. In the case of a Bond of a denomination greater than \$5,000, the Paying Agent shall treat each such Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000.

When required or directed to redeem Bonds, the Paying Agent shall cause notice of the redemption to be given by first-class mail, postage pre-paid, to all registered holders of Bonds to be redeemed at their registered addresses not less than 30 nor more than 45 days prior to the redemption date. Any such notice shall be given in the name of the County, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price and shall state that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of the Paying Agent and that from that date interest will cease to

accrue on the Bonds or portions thereof to be redeemed. Failure to mail any notice or any defect in the mailed notice or in the mailing thereof shall not affect the validity of the proceedings for the redemption of Bonds with respect to which no such failure or defect occurred. The Paying Agent may use CUSIP numbers in notices of redemption as a convenience to holders of the Bonds, provided that such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the serial numbers of the Bonds.

If at the time of mailing of notice of any optional redemption the County shall not have deposited with the Paying Agent moneys sufficient to redeem all Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

If unconditional notice of redemption has been duly given or duly waived by the holders of all Bonds called for redemption, or conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Paying Agent, then in either case the Bonds (or portions thereof) called for redemption shall be payable on the redemption date at the applicable redemption price. Payment of the redemption price, together with accrued interest, shall be made by the Paying Agent to or upon the order of the holders of the Bonds called for redemption upon surrender of such Bonds at the principal corporate trust office of the Paying Agent.

Any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Paying Agent and (if so required by the County or the Paying Agent) shall be accompanied by a written instrument of transfer, in form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the registered holder or by his duly authorized attorney, and the County shall execute and the Paying Agent shall authenticate and deliver to said registered holder, without service charge, a new Bond or Bonds of the same maturity as the Bond being partially redeemed and of any authorized denomination as requested by said registered holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

In addition to the foregoing notice, further notice of redemption shall be given by the Paying Agent as hereinafter provided, provided, however, that the failure to give such further notice or any defect therein shall not affect the validity of the proceedings for the redemption of any Bonds. Each further notice of redemption given hereunder shall

(a) contain, in addition to the information required above for an official notice of redemption, (i) the CUSIP numbers of all Bonds being redeemed, (ii) the date of issue of the Bonds as originally issued, (iii) the rate of interest of each Bond being redeemed, (iv) the maturity date of each Bond being redeemed and (v) any other descriptive information needed to identify accurately the Bonds being redeemed; and

(b) be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company, Midwest Securities Trust Company, Pacific Securities Depository Trust Company and Philadelphia Depository Trust Company) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as the Bond Buyer or the Wall Street Journal).

Upon the payment of the redemption price of the Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with such check or other transfer of funds.

Section 6. Registration, Transfer and Exchange. The County shall cause books for the registration and transfer of the Bonds to be kept at the principal corporate trust office of the Paying Agent and hereby appoints the Paying Agent its registrar and transfer agent to keep such books and to make such registrations and transfers under such reasonable regulations as the County or the Paying Agent may prescribe.

Upon surrender for transfer of any Bond at such office, the County shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same maturity of any authorized denomination for the aggregate principal amount which the registered holder is entitled to receive. No transfer of any Bond will be effective until entered on the Bond registry books of the County.

Bonds, upon surrender thereof at the principal corporate trust office of the Paying Agent with a written instrument of transfer satisfactory to the Paying Agent duly executed by the registered holder or his attorney duly authorized in writing, may at the option of the registered holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate in any of the authorized denominations and registered in such name or names as may be requested.

All Bonds presented for transfer, exchange, registration, redemption or payment (if so required by the County or the Paying Agent) shall be accompanied by a written instrument

or instruments of transfer, in form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the registered holder or by such holder's duly authorized attorney.

No service charge shall be made for any exchange, transfer or registration of Bonds, but the County may require payment of a sum sufficient to pay any tax or other governmental charge that may be imposed in relation thereto.

Neither the County nor the Paying Agent shall be required to issue, transfer or exchange Bonds during a period beginning at the opening of business on the fifteenth day next preceding any interest payment date or any date of selection of Bonds to be redeemed and ending at the close of business on the interest payment date or day on which the applicable notice of redemption is given, or to transfer or exchange any Bonds selected or called for redemption in whole or in part.

Section 7. Award of the Bonds. Having previously considered the sale of the Bonds at either a public or a private sale, the County hereby determines that a private sale of the Bonds by negotiation is in the best financial interest of the County and that the Bonds shall be sold at a negotiated sale. The proposal of Hopper Soliday & Co., Inc., CSM Municipal Securities Corporation and CoreStates Capital Markets Group (the "Purchasers") for the purchase of the Bonds is hereby accepted and the Bonds are hereby awarded to the Purchasers for the consideration specified in said proposal, plus accrued interest thereon to the date of delivery of and payment for the Bonds. The proper officers of the County are hereby authorized and directed to deliver the Bonds to the Purchasers upon receipt of cash or its substantial equivalent in the amount of such consideration.

Section 8. Execution and Delivery of Bonds. The form of Bond and the Paying Agent's Certificate of Authentication shall be substantially in the form set forth in Section 17 hereof. The Bonds shall be executed by at least two of the County Commissioners and shall have the corporate seal of the County affixed thereto, either manually or by engraved or lithographic facsimile, duly attested by the Chief Clerk of the County or one of his deputies and the said officers are hereby authorized to execute the Bonds as aforesaid; provided, that all such signatures may be by facsimile if such Bonds are manually authenticated by the Paying Agent. The proper officers of the County or any of them are further authorized and directed to deliver the Bonds to the Purchasers in accordance with the terms and conditions of the proposal for the purchase of the Bonds approved in Section 7 hereof and to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the issue and sale of the Bonds, all in accordance with this Ordinance, including, without further authorization, the disbursement of funds to pay all costs and expenses incurred by

the County in connection with the preparation, issue and sale of the Bonds as set forth in a Closing Statement.

Section 9. Agreement to Pay Certain Taxes; Payments from Sinking Fund. The County covenants to pay the principal of, the premium, if any, and the interest on the Bonds as the same shall become due without deduction for taxes (except gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds, the transfer thereof, the income therefrom or the realization of profits on the sale thereof) which may be levied or assessed thereon or the debt secured by the Bonds pursuant to any present or future law of the Commonwealth of Pennsylvania, all of which taxes the County hereby assumes and agrees to pay as the same may be from time to time assessed thereon.

Until the Bonds shall be fully paid, the Sinking Fund Depository shall pay to the Paying Agent from the Sinking Fund established in Section 11 hereof not later than 11:00 a.m., York time, on the first Business Day (herein defined as any day other than a Saturday, Sunday or any other day on which banking institutions in the Commonwealth of Pennsylvania are authorized or obligated to remain closed) next preceding the dates set forth below (each such date set forth below being hereinafter referred to as a "Payment Date"), for the purpose of paying the principal of and interest on the Bonds the following amounts:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
April 1, 1990	\$	\$ 1,354,063.33	\$ 1,354,063.33
October 1, 1990		1,015,547.50	1,015,547.50
April 1, 1991		1,015,547.50	1,015,547.50
October 1, 1991		1,015,547.50	1,015,547.50
April 1, 1992		1,015,547.50	1,015,547.50
October 1, 1992	10,000.00	1,015,547.50	1,025,547.50
April 1, 1993		1,015,242.50	1,015,242.50
October 1, 1993	10,000.00	1,015,242.50	1,025,242.50
April 1, 1994		1,014,937.50	1,014,937.50
October 1, 1994	640,000.00	1,014,937.50	1,654,937.50
April 1, 1995		995,337.50	995,337.50
October 1, 1995	675,000.00	995,337.50	1,670,337.50
April 1, 1996		974,412.50	974,412.50
October 1, 1996	715,000.00	974,412.50	1,689,412.50
April 1, 1997		952,068.75	952,068.75
October 1, 1997	1,420,000.00	952,068.75	2,372,068.75
April 1, 1998		906,983.75	906,983.75
October 1, 1998	1,515,000.00	906,983.75	2,421,983.75
April 1, 1999		858,125.00	858,125.00
October 1, 1999	1,610,000.00	858,125.00	2,468,125.00
April 1, 2000		805,800.00	805,800.00
October 1, 2000	1,715,000.00	805,800.00	2,520,800.00

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
April 1, 2001	\$	\$ 749,205.00	\$ 749,205.00
October 1, 2001	1,830,000.00	749,205.00	2,579,205.00
April 1, 2002		687,442.50	687,442.50
October 1, 2002	1,950,000.00	687,442.50	2,637,442.50
April 1, 2003		620,655.00	620,655.00
October 1, 2003	2,085,000.00	620,655.00	2,705,655.00
April 1, 2004		548,722.50	548,722.50
October 1, 2004	2,230,000.00	548,722.50	2,778,722.50
April 1, 2005		471,787.50	471,787.50
October 1, 2005	2,385,000.00	471,787.50	2,856,787.50
April 1, 2006		389,505.00	389,505.00
October 1, 2006	2,545,000.00	389,505.00	2,934,505.00
April 1, 2007		301,702.50	301,702.50
October 1, 2007	2,725,000.00	301,702.50	3,026,702.50
April 1, 2008		207,690.00	207,690.00
October 1, 2008	2,910,000.00	207,690.00	3,117,690.00
April 1, 2009		107,295.00	107,295.00
October 1, 2009	3,110,000.00	107,295.00	3,217,295.00

Section 10. Covenant to Budget and Appropriate General Revenues; Pledge of Full Faith, Credit and Taxing Power. The County hereby covenants with the holders from time to time of the Bonds outstanding pursuant to this Ordinance that it shall include the amount of the debt service as specified in Section 9 hereof, the amounts stated therein being hereby incorporated in this covenant by reference, and any taxes payable pursuant to Section 9 hereof on said Bonds for each fiscal year in which such sums are payable in its budget for that year and shall appropriate such amounts from its general revenues to the payment of such debt service and taxes covenanted to be paid and shall duly and punctually pay or cause to be paid from the Sinking Fund the principal of every Bond and the interest thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof; and for such budgeting, appropriation and payment, the County does hereby pledge its full faith, credit and taxing power.

Section 11. Establishment and Operation of Sinking Fund. There is hereby established with the Sinking Fund Depository a sinking fund to be known as "Sinking Fund, County of York, Pennsylvania, General Obligation Bonds, Series of 1989" (the "Sinking Fund") into which the County covenants to deposit, and into which the Treasurer of the County is hereby authorized and directed to deposit, all moneys for the payment of debt service on the Bonds included in the annual budget of the County and appropriated to the payment of such debt service in accordance with Section 10 hereof prior to 11:00 a.m., York time, on the first Business Day next preceding a Payment Date in amounts sufficient to pay the interest then due plus principal or redemption price on the Bonds maturing or called for redemption.

All moneys received by the County as accrued interest on the Bonds upon the issuance thereof shall be deposited immediately upon the receipt thereof in the Sinking Fund, and, pending the application thereof on April 1, 1990 to the payment of interest on the Bonds, shall be invested by the Sinking Fund Depository in direct obligations of the United States of America. All sums in the Sinking Fund shall be applied exclusively to the payment of the principal or redemption price of and interest on the Bonds and the taxes covenanted to be paid by Section 9 hereof as the same shall from time to time become due and payable and the balance of said moneys over and above the sums so required shall remain in the Sinking Fund, subject, however, to withdrawal for investment in obligations authorized by law which obligations and interest thereon shall be held exclusively for the purposes of the Sinking Fund. The Sinking Fund shall be kept and maintained in a separate account at the principal corporate trust office of the Sinking Fund Depository until such time as the County by resolution shall provide for a similar separate account in another bank or bank and trust company doing business in the Commonwealth of Pennsylvania. The Sinking Fund Depository, without further authorization than as herein contained, shall pay to the Paying Agent from the moneys in the Sinking Fund in accordance with Section 9 hereof, the principal of and interest on the Bonds as and when the same shall become due, whether at the stated maturity or upon the redemption thereof. The foregoing provisions of this Section 11 are in all respects subject to the provisions of the Investment Instructions referred to in Section 12 hereof.

Section 12. Establishment and Operation of Rebate Fund.

There is hereby created and established with the Sinking Fund Depository a special fund designated as "Rebate Fund, County of York, Pennsylvania, General Obligation Bonds, Series of 1989" (the "Rebate Fund"). The County shall make the calculations required by the investment and rebate instructions in substantially the form of Exhibit A to this Ordinance (the "Investment and Rebate Instructions"), shall make deposits to and disbursements from the Rebate Fund in accordance with the Investment and Rebate Instructions, shall invest moneys in the Rebate Fund in accordance with the Investment and Rebate Instructions and shall pay or cause the Sinking Fund Depository to pay to the United States the amounts required by and at the times provided in the Investment and Rebate Instructions. The immediately preceding sentence and the provisions set forth below of this Section 12 may be superseded or amended and new Investment and Rebate Instructions may be adopted by the County, provided the County has obtained an opinion of nationally recognized bond counsel addressed to the County to the effect that such supercession or amendment or that compliance with such new Investment and Rebate Instructions will not cause the interest on the Bonds to become includable in the gross income of the recipient thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

Any other provision in this Section 12 or in the Investment and Rebate Instructions to the contrary notwithstanding, the County may close the Rebate Fund if the County shall have obtained an opinion of nationally recognized bond counsel to the effect that payments to the United States from the Rebate Fund are not required to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code and setting forth such counsel's advice with respect to the disposition of moneys held in the Rebate Fund, and thereupon, the County shall withdraw all moneys from the Rebate Fund and apply the same in a manner not inconsistent with such opinion and this Section 12 shall be deemed to be deleted from this Ordinance.

Section 13. Establishment and Operation of Construction Fund. There is hereby created and established a special fund designated as "Construction Fund, County of York, Pennsylvania, General Obligation Bonds, Series of 1989" (the "Construction Fund") which shall be maintained by the County with an Authorized Depository. The term "Authorized Depository" shall mean any incorporated bank or trust company doing business in the Commonwealth of Pennsylvania which is insured by Federal Deposit Insurance Corporation or by any other agency of the United States of America performing functions similar to Federal Deposit Insurance Corporation (provided such agency shall be in existence) which has a combined capital and surplus of not less than \$50,000,000.

The County shall cause that portion of the proceeds of the Bonds not required to pay the costs and expenses of the issuance of the Bonds to be deposited in the Construction Fund, provided, however, that the portion of the proceeds of the Bonds representing accrued interest on the Bonds, if any, shall be deposited in the Sinking Fund pursuant to Section 11 hereof.

The County hereby covenants that, except as hereinafter provided, it will apply moneys in the Construction Fund to pay the cost of the Capital Projects (as the term "cost" is defined in the Debt Act and as the Capital Projects may be modified from time to time in accordance with the provisions of the Debt Act) and will use such moneys for no other purpose.

Subject to the Investment and Rebate Instructions, moneys on deposit to the credit of the Construction Fund not required for immediate application may be invested in obligations permitted by law. All investments made with moneys in the Construction Fund shall be deemed part of such Fund. The interest and income received from such investments and any profit or loss resulting from any investment shall be added or charged to the Construction Fund.

When the acquisition, construction and installation of the Capital Projects (as the same may be modified from time to time in accordance with the provisions of the Debt Act) shall have been completed, the balance of any moneys remaining in the Construction Fund in excess of any amount to be reserved for payment of unpaid items of the cost of the Capital Projects shall be applied by the County to the purchase of any then outstanding Bonds at such prices and upon such terms and conditions as may be acceptable to the County and to the extent that the County does not effect such purchases, such balance shall be deposited in the Sinking Fund. The County shall instruct the Paying Agent to apply all of such balance so deposited in the Sinking Fund and the Sinking Fund Depository shall make such funds available to the Paying Agent to (a) the purchase at any time of any then outstanding Bonds at such prices and upon such terms and conditions as shall be specified by the County or (b) the earliest redemption of a portion of the Bonds prior to their maturities pursuant to the requirements of optional redemption as provided in the form of Bond recited in Section 17 hereof unless the County shall have received an opinion of nationally recognized bond counsel permitting other uses of such moneys.

Section 14. Non-Arbitrage Covenant. The County hereby covenants with the holders from time to time of the Bonds that it will make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, and that it will comply with the requirements of said Section, including without limitation, subsection (f) thereof, and said regulations throughout the term of the Bonds. The foregoing covenant shall survive the payment in full of the Bonds.

Section 15. Certain Covenants Regarding Federal Income Tax Matters. The County hereby covenants with the holders from time to time of the Bonds as follows:

(a) All of the proceeds of the Bonds deposited to the Construction Fund will be used to provide facilities for local governmental activities of the County;

(b) No portion of the Capital Projects will be leased to or managed by any person, other than the County, or used by any person, other than the County, on a basis different from such use by the general public;

(c) The County will take no action with respect to the Capital Projects which would cause the Bonds to come within the definition of "private activity bonds" contained in Section 141 of the Code; and

(d) The County will comply with all requirements of the Code and the regulations promulgated or proposed thereunder applicable to the Bonds in order to ensure that interest on the

Bonds will remain excluded from gross income for federal income tax purposes under Section 103(a) of the Code.

Section 16. Filing with Pennsylvania Department of Community Affairs. The President of the Board of Commissioners of the County and the Chief Clerk of the County, or any duly appointed successor or acting officers, as the case may be, are hereby authorized and directed to prepare, verify and file with the Pennsylvania Department of Community Affairs, in accordance with the Debt Act, a transcript of the proceedings relating to the issuance of the Bonds, including the Debt Statement required by Section 410 of the Debt Act and a Borrowing Base Certificate, and to take other necessary action, including, if necessary or desirable, the preparation and filing of any statements, reports or documents required to exclude any portion of the debt of the County from the appropriate debt limit as self-liquidating or subsidized debt.

Section 17. Form of Bonds. The Bonds shall be substantially in the following form:

COUNTY OF YORK, PENNSYLVANIA
GENERAL OBLIGATION BOND, SERIES OF 1989

No. R

\$

Maturity Date:

Interest Rate:% Per Annum

Registered Holder:

. Dollars

COUNTY OF YORK, Commonwealth of Pennsylvania (the "County"), a political subdivision of the Commonwealth of Pennsylvania, for value received, hereby promises to pay to the registered holder shown hereon or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, the principal sum shown hereon and to pay interest thereon, at the rate per annum shown hereon from the interest payment date next preceding the date of authentication hereof to which interest has been paid or duly provided for, unless (a) this Bond is authenticated as of an interest payment

date, in which event this Bond shall bear interest from the date of authentication, or (b) this Bond is authenticated after a Record Date, as such term is hereinafter defined, and before the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date, or (c) this Bond is authenticated on or prior to the Record Date preceding April 1, 1990, in which event this Bond shall bear interest from August 1, 1989, until the County's obligation with respect to the payment of said principal sum shall be discharged as provided in the Ordinance hereinafter mentioned, and to pay interest, to the extent legally enforceable, on overdue interest, at the same rate per annum. Interest shall be due and payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 1990, to the registered holder shown hereon at the close of business on the March 15 and September 15 (whether or not a day on which the Paying Agent hereinafter mentioned shall be open for business) next preceding such interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date. Principal shall be paid at the principal corporate trust office of The York Bank and Trust Company, York, Pennsylvania (the "Paying Agent"), or at the duly designated office of any duly appointed alternate or successor paying agent, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by check or draft drawn upon any such paying agent and mailed to the registered holder hereof entitled thereto at such holder's address as it appears on the Bond registry books of the County. In the event any such interest is not paid, such defaulted interest will be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by or on behalf of the County to the registered holder of this Bond not less than 15 days preceding such special record date. Such notice will be mailed to the person in whose name this Bond is registered at the close of business on the fifth day preceding the date of mailing.

This Bond is one of a duly authorized series (the "Series of 1989 Bonds") limited in aggregate principal amount to \$30,080,000 authorized to be issued in accordance with the Act of the General Assembly of the Commonwealth of Pennsylvania, approved the 28th day of April, 1978, being Act No. 52 of the 1978 Session, as amended and supplemented, and by virtue of Ordinance No. 89-1 of the County enacted July 26, 1989 (the "Ordinance") and with the approval of the Department of Community Affairs of the Commonwealth of Pennsylvania.

The provisions of this Bond are continued on the reverse hereof, and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

This Bond is not valid unless the Paying Agent's Certificate of Authentication endorsed hereon is duly executed.

IN WITNESS WHEREOF, COUNTY OF YORK has caused this Bond to be signed in its name by the facsimile signatures of the members of the Board of County Commissioners and a facsimile of its corporate seal to be hereunto imprinted, attested by the facsimile signature of the Chief Clerk of the County.

COUNTY OF YORK

[COUNTY SEAL]

By _____
President, Board of
County Commissioners

Attest:

Chief Clerk

By _____
County Commissioner

By _____
County Commissioner

Paying Agent's Certificate of Authentication

This Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Ordinance. Reproduced on the reverse hereof is the opinion of Bond Counsel, Reed Smith Shaw & McClay, Pittsburgh, Pennsylvania, a signed counterpart of which, delivered and dated the date of original delivery of and payment for said Bonds, is on file with the undersigned.

The York Bank and Trust Company
Paying Agent

Dated: _____

By _____
Authorized Signature

[Form of Reverse Side of Series of 1989 Bonds]

COUNTY OF YORK, PENNSYLVANIA

GENERAL OBLIGATION BOND, SERIES OF 1989

(continued)

In the manner and upon the terms and conditions provided in the Ordinance, the Series of 1989 Bonds maturing on or after October 1, 1995 and to and including October 1, 2003 are subject to redemption prior to maturity, at the option of the County, either as a whole on October 1, 1994 or on any date thereafter, or in part, from time to time, in the inverse order of their maturities and by lot within a maturity, on October 1, 1994 or on any interest payment date thereafter, in each case, at a redemption price equal to 100% of the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption.

In the manner and upon the terms and conditions provided in the Ordinance, the Series of 1989 Bonds maturing on October 1, 2009 are subject to redemption prior to maturity, at the option of the County, either as a whole on October 1, 1997 or on any date thereafter, or in part, from time to time, by lot, on October 1, 1997 or on any interest payment date thereafter, in each case, at a redemption price equal to 100% of the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption.

45
In the manner and upon the terms and conditions provided in the Ordinance, the Series of 1989 Bonds maturing on October 1, 2009 are subject to redemption prior to maturity in part by lot in the principal amounts and on October 1 of the years shown below at a redemption price equal to 100% of the principal amount redeemed, together with interest accrued thereon to the date fixed for redemption:

<u>Year</u>	<u>Amount</u>
2004	\$2,230,000
2005	2,385,000
2006	2,545,000
2007	2,725,000
2008	2,910,000

Any redemption under the preceding paragraphs shall be made by the Paying Agent as provided in the Ordinance upon not less than 30 nor more than 45 days' notice mailed to the registered holders of the Series of 1989 Bonds to be redeemed.

It is hereby certified that all acts, conditions and things required to be done, to happen and to be performed precedent to and in the issuance of this Bond or in the creation of the indebtedness of which this Bond is evidence, have been done, happened and been performed in regular and due form and manner as required by law; and that this Bond, together with all other indebtedness of the County, is not in excess of any constitutional or statutory limitation and for the proper budgeting, appropriation and the prompt and full payment of all the obligations of this Bond, the full faith, credit and taxing power of the County are hereby irrevocably pledged.

This Bond is transferable by the registered holder hereof or his duly authorized attorney at the principal corporate trust office of the Paying Agent, upon surrender of this Bond, accompanied by a duly executed instrument of transfer, in form and with guarantee of signature satisfactory to the Paying Agent, subject to such reasonable regulations as the County or the Paying Agent may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer, a new registered Series of 1989 Bond or Bonds in the same aggregate principal amount will be issued to the transferee. The person in whose name this Bond is registered shall be deemed the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and the County and the Paying Agent shall not be affected by any notice to the contrary. No transfer of this Bond shall be effective until entered on the Bond registry books of the County.

The Series of 1989 Bonds are issuable in the form of registered Bonds in the denomination of \$5,000 and integral multiples thereof. The Series of 1989 Bonds, upon surrender thereof at the principal corporate trust office of the Paying Agent with, if required by the Paying Agent, a written instrument of transfer, in form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the registered holder or his duly authorized attorney, may, at the option of the registered holder thereof, be exchanged for an equal aggregate principal amount of new Series of 1989 Bonds of any other authorized denomination, upon payment of any tax, fee or other governmental charge required to be paid with respect to such exchange, and in the manner and subject to the conditions provided in the Ordinance.

Neither the County nor the Paying Agent shall be required to issue, transfer or exchange any Series of 1989 Bonds during a period beginning at the opening of business on the fifteenth day next preceding either any interest payment date or

any date of selection of the Series of 1989 Bonds to be redeemed and ending at the close of business on the interest payment date or day on which the applicable notice of redemption is given, or to transfer or exchange any Series of 1989 Bonds selected or called for redemption in whole or in part.

This Bond is hereby declared to be a general obligation of the County. The County hereby covenants with the holders from time to time of the Series of 1989 Bonds to include the amount of the debt service on the same in each fiscal year for which such sums are due, in its budget for that year, to appropriate such amounts to the payment of such debt service and to duly and punctually pay or cause to be paid the principal of every Series of 1989 Bond and the interest thereon at the dates and places in the manner stated therein according to the true intent and meaning thereof.

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company (Financial Guaranty") has issued a policy containing the following provisions with respect to County of York, Pennsylvania, General Obligation Bonds, Series of 1989 (the "Bonds"), such policy being on file at the principal office of the Paying Agent:

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, but not any earlier date on which the payment of principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successors as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to

vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

Please Insert Social Security or Other Identifying Number of Assignee

the within Bond issued by

COUNTY OF YORK

and hereby irrevocably constitutes and appoints

Attorney to transfer said Bond on the books of the County with full power of substitution in the premises.

Dated _____

(Sign here exactly as name(s) is (are) shown on the face of this Bond without any change or alteration whatever.)

SIGNATURE GUARANTEED:

(Signatures must be guaranteed by a member firm of a major stock exchange or a commercial bank or trust company.)

Section 18. Approval of Official Statement. The County hereby ratifies the use of the Preliminary Official Statement dated July 24, 1989 (the "Preliminary Official Statement") for the Bonds by the Purchasers in connection with the public offering of the Bonds. The Purchasers are hereby authorized to prepare and distribute the final Official Statement in substantially the form of the Preliminary Official Statement with such changes therein as shall be approved by a majority of the members of the Board of Commissioners of the County. A majority of the members of the Board of Commissioners of the County are hereby authorized and directed, in the name and on behalf of the County, to execute the final Official Statement in such form but with such changes therein as such officers may approve, such officers' approval and the approval of the County to be conclusively evidenced by such officers' execution thereof, and the Purchasers are hereby authorized to distribute and circulate the final Official Statement to the public in connection with the offering and sale of the Bonds.

Section 19. Municipal Bond Insurance Policy. The proper officers of the County are hereby authorized and directed to contract with Financial Guaranty Insurance Company for the issuance of a Municipal Bond New Issue Insurance Policy and to cause the premium thereon to be paid from the proceeds of the Bonds.

Section 20. Repealer. All ordinances and resolutions or parts of ordinances and resolutions not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

ORDAINED AND ENACTED into law by the Board of Commissioners of the County of York this 26th day of July, 1989.

COUNTY OF YORK

[County Seal]

By *Lorraine B. Horn*
President / Board of
County Commissioners

Attest:

By *Ronald E. Fitzgibbon*
County Commissioner

Nancy A. Baker
Chief Clerk

By _____
County Commissioner

EXHIBIT A

INVESTMENT AND REBATE INSTRUCTIONS

These Investment and Rebate Instructions set forth instructions to be followed by County of York, Pennsylvania (the "County") regarding the investment and disposition of moneys deposited in certain funds and accounts established pursuant to Ordinance No. 89-1 of the County enacted July 26, 1989 (the "Ordinance") authorizing the issuance of \$30,080,000 aggregate principal amount of County of York, Pennsylvania, General Obligation Bonds, Series of 1989 (the "Bonds"), the proceeds of which will be used to finance the costs of various capital projects more particularly described in the Ordinance (the "Capital Projects") and pay all expenses incurred by the County in connection with the issuance and sale of the Bonds.

The purpose of these instructions is to ensure that the investment of the moneys in the funds and accounts established pursuant to the Ordinance, as well as any other Gross Proceeds (as hereinafter defined) of the Bonds, will comply with the arbitrage limitations and rebate requirements imposed by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder (the "Regulations"). These Instructions implement the Non-Arbitrage Certificate executed by the County on the date of issue of the Bonds.

1. Definitions. Capitalized terms used herein, not otherwise defined herein, shall have the meanings set forth in the Ordinance or in the Non-Arbitrage Certificate of the County relating to the Bonds.

(a) "Bond Year" shall mean the period from the date of original delivery and payment for the Bonds to the close of business on any date on which interest is due and payable on the Bonds which is selected by the County that falls within one year thereafter, and the one-year period ending on each successive anniversary of such selected date.

(b) "Computation Date" shall mean the last day of each fifth Bond Year and the date of final retirement of all of the Bonds.

(c) "Gross Proceeds" shall have the meaning ascribed to such term in Section 148 of the Code and the Regulations and shall include (i) amounts received by the County from the sale of the Bonds; (ii) amounts treated as transferred proceeds (as defined in Section 1.148-8T(d)(8) of the Regulations) of the Bonds, if any; (iii) amounts treated as proceeds under

Section 1.103-13(g) of the Regulations (relating to sinking funds), including the Sinking Fund established under the Ordinance (the "Sinking Fund"); (iv) securities or obligations pledged by the County as security for the payment of debt service on the Bonds; (v) amounts used or available to pay debt service on the Bonds; (vi) amounts received as a result of investing Gross Proceeds; (vii) discount proceeds; and (viii) imputed proceeds. Gross Proceeds shall not include amounts on deposit in the Rebate Fund. The determination of whether an amount is included as Gross Proceeds does not depend upon whether such amount is held in any of the funds or accounts established under the Ordinance. For purposes of (iv) above, an amount is pledged to pay debt service on the Bonds if there is a reasonable assurance that it will be available for such purpose in the event that the County encounters financial difficulties. If a decision is made to apply any insurance or condemnation proceeds to the redemption of Bonds rather than for repair or replacement of the Capital Projects, such proceeds become Gross Proceeds on the date of such decision.

(d) "Investment Property" shall have the meaning ascribed to such term in Section 148(b)(2) of the Code and Section 1.148-8T(e)(2) of the Regulations. Investment Property shall not include any tax-exempt bond (other than an AMT bond), any demand deposit SLG, stock of a tax-exempt mutual fund or any qualified temporary investment, as those terms are defined or used in the Regulations.

(e) "Issue Date" means August __, 1989.

(f) "Nonpurpose Investments" shall have the meaning ascribed to such term in Section 148(f)(6)(A) of the Code and Section 1.148-8T(e)(9) of the Regulations and shall mean any Investment Property in which Gross Proceeds are invested and which is not acquired to carry out the governmental purpose of the Bonds, including without limitation, amounts in the Construction Fund, amounts in the Sinking Fund established under the Ordinance.

(g) "Prohibited Payment" shall have the meaning ascribed to such term in Section 5(a) hereof.

(h) "Rebate Instructions" shall have the meaning ascribed to such term in Section 4(d) hereof.

(i) "Restricted Proceeds" shall have the meaning ascribed to such term in Section 3(d) hereof.

(j) "Yield" shall have the meaning ascribed to such term by Section 148(h) of the Code and Section 1.148-3T(b)(5) of the Regulations and shall mean that rate which when computing the present worth of all payments of principal and interest (and payments for a qualified guarantee, if any) on an obligation produces an amount equal to the purchase price of the obligation.

The Yield on the Bonds and the Yield on any Nonpurpose Investment shall be computed by using the same frequency of interest compounding. In the case of the Bonds, the purchase price for each Bond shall be the offering price at which a substantial amount of each maturity thereof was sold to the public (not including underwriters or dealers or similar persons acting in such capacities) and, if sold to an institutional or other investor at a discount on or before the Issue Date, is the offering price at which the Bond was sold. For purposes of calculating the Rebate Deposit required by Section 4(d)(3) hereof, the Yield of the Bonds shall be the actual Yield of the Bonds between the Issue Date and the Computation Date determined in accordance with the Regulations. The Yield to Maturity on the Bonds is _____ percent, computed by compounding on a semiannual basis. See Section 5 hereof for special rules for computing the purchase price of Nonpurpose Investments.

(k) "Final Computation Date" shall mean the date that the last bond is redeemed.

(l) "Rebatable Arbitrage" shall mean the excess, if any, of the aggregate amount earned on investments of the Gross Proceeds of the Bonds over the amount which would have been earned on such Gross Proceeds if invested at a Yield equal to the Yield on the Bonds, plus earnings on such excess, determined in accordance with the Code and Regulations.

(m) "Yield to Maturity" shall mean the Yield on a Bond determined by assuming the Bond is retired on the final maturity date for the stated retirement price on such date.

3. Special Rules for the Investment of Moneys held in Certain Funds and Accounts.

(a) Construction Fund.

(1) The original proceeds from the sale of the Bonds deposited in the Construction Fund for the purpose of paying the costs of the construction of the Capital Projects may be invested in Nonpurpose Investments that bear a Yield in excess of the Yield to Maturity of the Bonds. The period of unrestricted investment of such original proceeds shall end on _____, 1992, or the date of completion of the Capital Projects, whichever is earlier.

(2) After the period described in (1) above, no original proceeds on deposit in the Construction Fund may be invested in Nonpurpose Investments that bear a Yield in excess of the Yield to Maturity of the Bonds (except in investments which do not constitute Investment Property) or in federally insured deposits or accounts.

(3) Any interest earnings or investment gains realized from the investment of moneys on deposit in the Construction Fund may be reinvested pending disbursement in Nonpurpose Investments that bear a Yield in excess of the Yield to Maturity of the Bonds. The period of unrestricted investment of such earnings shall not exceed the longer of (i) a one-year period beginning on the date of receipt of each amount of investment income, or (ii) the period described in (1) above.

(4) After the period of unrestricted reinvestment of interest and investment earnings described in (3) above, such earnings may not be invested in obligations that bear a Yield in excess of the Yield to Maturity of the Bonds (except in investments which do not constitute Investment Property) or in federally insured deposits or accounts.

(b) Sinking Fund.

(1) Amounts deposited from time to time in the Sinking Fund (except amounts transferred from the Construction Fund pursuant to Section 13 of the Ordinance) may be invested and reinvested in Nonpurpose Investments that bear a Yield in excess of the Yield to Maturity of the Bonds. The period of unrestricted investment shall not exceed the longer of (i) a thirteen-month period beginning on the date of receipt of each amount of investment income, or (ii) the period described in (a)(1) above.

(2) After the period described in (1) above, no amounts on deposit in the Sinking Fund may be invested or reinvested in Nonpurpose Investments that bear a Yield in excess of the Yield to Maturity of the Bonds (except in investments which do not constitute Investment Property) or in federally insured deposits or accounts.

(3) No amounts transferred to the Sinking Fund from the Construction Fund pursuant to Section 13 of the Ordinance may, at any time, be invested or reinvested in Nonpurpose Investments that bear a Yield in excess of the Yield to Maturity of the Bonds (except in investments which do not constitute Investment Property) or in federally insured deposits or accounts.

(c) Investment of Restricted Proceeds; Exception.
For purposes of applying the requisite investment restrictions to the investment of the amounts described in (a)(2), (a)(4), (b)(2), and (b)(3) of these instructions (the "Restricted Proceeds"), in determining the Yield of Nonpurpose Investments acquired with Restricted Proceeds, each Nonpurpose Investment shall be valued at its fair market value on the date such Nonpurpose Investment is acquired. For purposes of this subsection, a Nonpurpose Investment acquired with Restricted Proceeds need not be revalued after the date on which the Nonpurpose Investment is acquired.

Notwithstanding anything to the contrary contained in this Section 3, an amount of Restricted Proceeds (other than those described in (c) above) not to exceed \$100,000 in the aggregate at any time shall not be treated as Restricted Proceeds.

4. Rebate Requirement.

(a) The County covenants that it will pay or cause the Sinking Fund Depository to pay to the United States the Rebatable Arbitrage, along with (if applicable) income attributable to such Rebatable Arbitrage at the times and in the amounts determined hereunder.

(b) The Sinking Fund Depository shall administer the Rebate Fund and invest all amounts held in the Rebate Fund at the direction of the County. All earnings on amounts held in the Rebate Fund shall remain therein. Money shall not be transferred out of the Rebate Fund except as provided in (c) below.

(c) Upon receipt of the Rebate Instructions (as defined in (d) below, the Sinking Fund Depository shall remit the required amounts to the United States. In addition, if the Rebate Instructions so direct, the Sinking Fund Depository will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the Rebate Instructions direct.

(d) The County shall perform the following calculations and deliver the following Rebate Instructions (the "Rebate Instructions") to the Sinking Fund Depository in the manner and at the times hereinafter described:

(1) Within ten (10) days following any Computation Date, the Sinking Fund Depository shall deliver to the County copies of all records concerning investments of all amounts held under the Ordinance in Nonpurpose Investments. Such records shall be maintained in such fashion as will permit the County to make the required calculations from the Issue Date to the Computation Date, and shall additionally comply with subsection (e) hereof and Section 5 hereof. The Sinking Fund Depository shall deliver any supplemental information requested by the County.

(2) Upon receipt of such records and no later than twenty (20) days after the Computation Date, the County shall calculate the Rebatable Arbitrage and, if applicable, the income attributable to such Rebatable Arbitrage to the Computation Date, determined in accordance with the Code and Regulations. The County shall include the calculation of the Rebatable Arbitrage in the Rebate Instructions. For purposes of this calculation, the County may not take into account the aggregate amount earned from the investment of funds held in the Sinking Fund in any Bond Year.

(3) The County shall also calculate the Rebate Deposit required as of such Computation Date, which amount is the Rebatable Arbitrage less the then balance of the Rebate Fund, plus the income attributable to the Rebatable Arbitrage, if applicable. Such calculation shall also be included in the Rebate Instructions.

(4) On or before 55 days following the Computation Date (including the Final Computation Date), the County shall submit Rebate Instructions to the Sinking Fund Depository, accompanied by the following:

(A) the most recent calculation of the Rebatable Arbitrage;

(B) the most recent calculation of the Rebate Deposit;

(C) moneys equal to the Rebate Deposit and instructions to deposit such amount in the Rebate Fund;

(D) if an amount is then required to be rebated to the United States pursuant to the subsection (f) hereof, an instruction to the Sinking Fund Depository to do so in accordance with the provisions of said subsection (f), along with a copy of the determinations required to accompany such rebate payment as well as a properly completed and executed Form 8038-G (or Form 8038-T or its equivalent if such Form has been published) and the CUSIP numbers for each of the Bonds.

(e) The Sinking Fund Depository shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of moneys held at any time in the funds and accounts established under the Ordinance. Such records shall specify the account or fund to which each investment is to be allocated and shall set forth, in the case of each Nonpurpose Investment (i) its purchase price, (ii) identifying information, including par amount, coupon rate and payment dates, (iii) the amount received at maturity or its sales price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, and (v) the dates of acquisition and disposition or maturity.

(f) The Sinking Fund Depository shall pay to the United States: (1) not less frequently than sixty (60) days after each Computation Date (other than the Final Computation Date) an amount equal to ninety percent (90%) of the Rebatable Arbitrage to such Computation Date, and (2) not later than sixty (60) day after the Final Computation Date, one hundred percent (100%) of the Rebatable Arbitrage to the Final Computation Date, plus income attributable to the Rebatable Arbitrage during the period between

the Final Computation Date and a date fifteen (15) days before the payment is due.

5. Prohibited Payments and Fair Market Value.

(a) The County and the Sinking Fund Depository will not enter into a transaction for any Nonpurpose Investment that results in a smaller profit or a larger loss than would have resulted if such transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party. The County and the Sinking Fund Depository will not purchase a Nonpurpose Investment for an amount in excess of its fair market value. Each of the above constitutes a "Prohibited Payment". The County and the Sinking Fund Depository will retain records with respect to each Nonpurpose Investment sufficient to show that such Nonpurpose Investment was purchased at fair market value and that no Prohibited Payment was made.

(b) Whether a Nonpurpose Investment for which there is an established market is purchased or sold for an amount in excess of its fair market value shall be determined by comparing the purchase or sales price to the mean of the bid and asked price of such Nonpurpose Investment on the date of such sale or purchase as established by reference to any appropriate publication. A United States Treasury obligation, including a SLG purchased directly from the United States Treasury, shall be treated as acquired as its fair market value.

(c) The investment of Gross Proceeds in a certificate of deposit issued by a commercial bank will not result in a Prohibited Payment if the price at which it is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificates of deposit. Any such purchase shall be accompanied by a certificate from such a dealer substantially in the form contained in Exhibit 1 hereto. If there is no active secondary market in such certificates of deposit, the purchase or sale of a certificate of deposit will not result in a Prohibited Payment if the certificate of deposit has a yield (1) as high or higher than the yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such market, and (2) as high or higher than the yield available on comparable obligations offered by the United States Treasury. The certification described in the preceding sentence must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of the person issuing the certificate of deposit, and must be substantially in the form contained in Exhibit 2 hereto.

(d) Nonpurpose Investments purchased or sold pursuant to an investment contract (e.g., an agreement to deposit gross proceeds with a particular bank, with the deposits to bear interest at an agreed rate) will not result in a Prohibited Payment if (1) at least 3 bids on the investment contract from persons other than those with an interest in the issue (e.g., underwriters) are received, (2) a certification is provided by the person whose bid is accepted stating that, based on that person's reasonable expectations on the date that the contract is entered into, Nonpurpose Investments will not be purchased pursuant to the investment contract at a price in excess of their fair market value or sold pursuant to the investment contract at a price less than their fair market value, (3) the yield on the investment contract is at least equal to the yield offered under the highest bid received from a noninterested party, and (4) the yield on the investment contract is at least equal to the yield offered on similar obligations under similar investment contracts (e.g., the yield on investment contracts entered into by issuers of qualified mortgage bonds). The certification described herein shall be substantially in the form contained in Exhibit 3 hereto.

6. Duties and Responsibilities of Sinking Fund Depository. The Sinking Fund Depository shall have only the duties and responsibilities specifically provided for in these Investment and Rebate Instructions or in the Ordinance insofar as such duties and responsibilities relate to the investment of the amounts held in the funds and accounts created under the Ordinance or to rebate amounts to the United States. The Sinking Fund Depository shall be entitled to conclusively rely on the Rebate Instructions provided by the County in determining the amount to be rebated to the United States and the information required to accompany such rebate payments.

7. General Statement. The Regulations regarding rebate have only been recently promulgated and are subject to change and are complex. These Investment and Rebate Instructions are intended as a summary only. The County should consult frequently with nationally recognized bond counsel, especially at each Computation Date, for advice regarding compliance with Section 148(f) of the Code and the Regulations.

EXHIBIT 1

\$ _____
 [NAME OF ISSUER]
 [TITLE OF BONDS]
 198_ SERIES

FORM OF DEALER'S CERTIFICATE AS TO ACTIVE SECONDARY MARKET

I, _____, hereby certify and represent that:

1. I am a dealer with the [type of business] firm of _____ . I am qualified to render the certifications set forth herein.
2. I am aware that proceeds of the above-titled Bonds have been used to purchase a certificate of deposit from _____. [I am aware that such certificate of deposit has been sold.]
3. _____ maintains an active secondary market in certificates of deposit such as the above certificate which has been purchased [sold].
4. The price at which the certificate of deposit has been purchased [sold] was \$ _____. Such price was a bona fide bid price.
5. To the best of my knowledge and belief, there are no other facts or circumstances which would materially change any of the foregoing certifications, and such certifications may be relied upon by all persons involved with the above Bonds.

WITNESS my signature this ____ day of _____, 198_.

 [Name]

EXHIBIT 2

\$ _____
 [NAME OF ISSUER]
 [TITLE OF BONDS]
 198_ SERIES

FORM OF DEALER'S CERTIFICATE AS TO NO ACTIVE SECONDARY MARKET

I, _____, hereby certify and represent that:

1. I am a dealer with the [type of business] firm of _____ . I am qualified to render the certifications set forth herein.
2. I am aware that proceeds of the above-titled Bonds have been used to purchase a certificate of deposit from _____. [I am aware that such certificate of deposit has been sold.]
3. _____ maintains an active secondary market in certificates of deposit comparable to the above certificate which has been purchased [sold].
4. The certificate of deposit which has been purchased [sold] has a yield (a) as high or higher than the yield on comparable obligations traded on an active secondary market and (b) as high or higher than the yield available on comparable obligations offered by the United States Treasury.
5. This certification is based upon actual trades adjusted to reflect the size and term of the certificate of deposit and the stability and reputation of the issuer of such certificate of deposit.
6. To the best of my knowledge and belief, there are no other facts or circumstances which would materially change any of the foregoing certifications, and such certifications may be relied upon by all persons involved with the above Bonds.

WITNESS my signature this ____ day of _____, 198_.

 [Name]

EXHIBIT 3

§
[NAME OF ISSUER]
[TITLE OF BONDS]
 198_ SERIES

FORM OF BIDDER'S CERTIFICATE

I, _____, hereby certify and represent that:

1. I am with the [type of business] firm of _____ . I am qualified to render the certifications set forth herein.
2. I have no interest in the above-titled Bonds.
3. I submitted a bid to _____ to enter into an agreement whereby proceeds of the Bonds in an amount equal to \$ _____ will be deposited with _____, with such deposits to bear interest at an agreed rate of interest (the "Investment Contract").
4. Based upon my reasonable expectations as of the date that the Investment Contract was entered into, no investment property (within the meaning of Section 148(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) will be purchased pursuant to the Investment Contract at a price in excess of their respective fair market values or sold pursuant to the Investment Contract at a price less than their respective fair market values.
5. The yield on the Investment Contract is at least equal to the yield offered on similar obligations under similar investment contracts (e.g., the yield on investment contracts entered into by issuers of qualified mortgage bonds).
6. To the best of my knowledge and belief, there are no other facts or circumstances which would materially change any of the foregoing certifications, and such certifications may be relied upon by all persons involved with the above Bonds.

WITNESS my signature this ____ day of _____, 198_.

 [Name]

COUNTY OF YORK, PENNSYLVANIA

BORROWING BASE CERTIFICATE

	<u>Fiscal Year Ended December 31</u>		
	<u>1986</u>	<u>1987</u>	<u>1988</u>
Total Revenues Received	\$62,783,387 =====	\$54,553,543 =====	\$62,354,588 =====
Less:			
(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 sinking funds.	\$ _____	\$ _____	\$ _____
(4) Grants and gifts-in-aid.	\$25,556,313	\$25,040,860	\$23,093,771
(5) Nonrecurring receipts	\$10,195,000	\$ _____	\$ _____
Total Deductions	\$35,751,313	\$25,040,860	\$23,093,771
Subtotals	\$27,032,074	\$29,512,683	\$39,260,817
Total Net Revenues			\$95,805,574 =====
Borrowing Base (Total Net Revenues + 3)		\$31,935,191	

The undersigned hereby certify that they are duly authorized officials of County of York, Pennsylvania and that the foregoing Borrowing Base Certificate is true and correct to the best of their knowledge, information and belief.

Lorraine B. Kover

President, Board of Commissioners

Randy A. Seyler

Chief Clerk

Dated: July 26, 1989

VOTING CERTIFICATE

I, the undersigned Chief Clerk of County of York, Pennsylvania (the "County") hereby certify that the foregoing is a true and correct copy of Ordinance No. 89-1 of the County which was duly enacted by the affirmative vote of a majority of all of the members of the Board of Commissioners of the County at a meeting thereof duly called and held on July 26, 1989, after due notice to the members of the Board of Commissioners and to the public and which was at all times open to the public, and that said Ordinance has not been amended, altered or revoked and is in full force and effect on the date of this Certificate.

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

Lorraine B. Hovis

YES

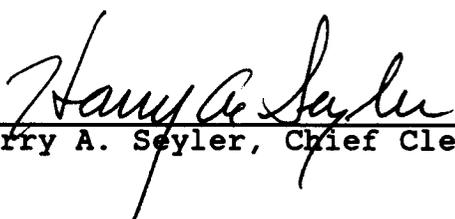
Ronald E. Fitzkee

YES

George M. Trout

NO

WITNESS the due execution hereof this 26th day of July, 1989.


Harry A. Seyler, Chief Clerk

IN THE MATTER OF THE PROPOSED INCURRING OF NONELECTORAL DEBT

BY

COUNTY OF YORK, PENNSYLVANIA

IN THE SUM OF THIRTY MILLION
EIGHTY THOUSAND DOLLARS
\$30,080,000

 TO

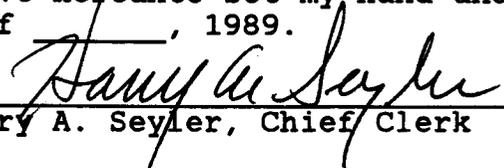
DEPARTMENT OF COMMUNITY AFFAIRS
COMMONWEALTH OF PENNSYLVANIA

I, HARRY A. SEYLER, Chief Clerk of County of York, Pennsylvania (the "County"), in accordance with the provisions of Section 411 of the Local Government Unit Debt Act (the "Act"), hereby certify that the following is a complete and accurate copy of all proceedings with respect to the proposed incurring of nonelectoral debt by the County.

The proceedings consist of:

1. Proof of publication of the notice required by Section 103 of the Act with respect to the proposed enactment of Ordinance No. 89-1 of the County (the "Ordinance") authorizing the incurring of nonelectoral debt and awarding \$30,080,000 aggregate principal amount of the County's General Obligation Bonds, Series of 1989 (the "Bonds").
2. Certified copy of the Ordinance enacted July 26, 1989 authorizing the incurring of nonelectoral debt.
3. An accepted proposal for the purchase of the Bonds among the County, Hopper Soliday & Co., Inc., CSM Municipal Securities Corporation and CoreStates Capital Markets Group.
4. Proof of publication of the notice required by Section 103 of the Act with respect to the enactment of the Ordinance.
5. Debt Statement of the County prepared pursuant to Section 410 of the Act with Borrowing Base Certificate and Self-Liquidating Lease Rental Debt Certificate attached.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of the County this ____ day of _____, 1989.



Harry A. Seyler, Chief Clerk

[COUNTY SEAL]

1(b)

DEBT STATEMENT PURSUANT TO SECTION 410
LOCAL GOVERNMENT UNIT DEBT ACT

COUNTY OF YORK, PENNSYLVANIA

I. GROSS DEBT INCURRED

	<u>Nonelectoral</u>	<u>Lease Rental</u>
A. Bonds	\$ <u>7,120,000</u>	\$ <u>130,000,000</u>
B. Notes	\$ _____	\$ _____
C. Contracts outstanding	\$ _____	\$ _____
C. Other	\$ _____	\$ _____
Totals.....	\$ <u>7,120,000</u>	\$ <u>130,000,000</u>
Total nonelectoral and lease rental debt.....		\$ <u>137,120,000</u>
Electoral debt.....		\$ <u>0</u>
Total Gross Debt Incurred.....		\$ <u>137,120,000</u> (1)

II. CREDITS AND EXCLUSIONS

	<u>Nonelectoral</u>	<u>Lease Rental</u>
Gross Debt	\$ <u>7,120,000</u>	\$ <u>130,000,000</u>
<u>Less:</u>		
1. Sinking funds, reserve accounts, bond proceeds	\$ _____	\$ _____
2. Current appropriation	\$ _____	\$ _____
3. Uncollected special assessments	\$ _____	\$ _____
4. Delinquent taxes & liens	\$ _____	\$ _____
5. Self-liquidating and self- sustaining debt	\$ _____	\$ <u>130,000,000</u>
6. Surplus cash	\$ _____	\$ _____
7. Solvent debts due	\$ _____	\$ _____
8. Indemnifying insurance	\$ _____	\$ _____

(1) See Schedule A

Total Credits and Exclusions	\$ _____	\$130,000,000
Total Net Indebtedness.....	\$ <u>7,120,000</u>	\$ <u>0</u>

- III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt. \$ 30,080,000
- IV. The borrowing base as shown by appended borrowing base certificate. \$ 31,935,191
- V. Applicable debt limitations
 - (a) nonelectoral debt \$ 95,805,573
 - (b) nonelectoral plus lease rental debt 127,740,764
- VI. (a) If a refunding of nonelectoral debt is involved, the principal amount of bonds or notes no longer outstanding after the settlement..... \$ _____
- (b) If a refunding of lease rental debt is involved, the principal amount of lease rental debt no longer outstanding after the settlement..... \$ _____

Dated as of July 26, 1989

[County Seal]

COUNTY OF YORK

ATTEST:

Hanya A. Sykes
 Chief Clerk
 County Commissioners

By *Lorraine B. Brown*
 President, Board of

By *Hanya A. Sykes*
 Chief Clerk

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF YORK)

Before me a Notary Public in and for said County appeared Lorraine B. Hovis and Harry A. Seyler, who being duly sworn, depose and say that they are the officials of County of York, Pennsylvania, authorized to prepare, certify and file the foregoing Debt Statement and that the information contained in the foregoing Debt Statement is true and correct.

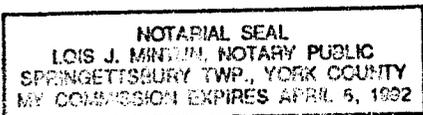
Lorraine B. Hovis
Lorraine B. Hovis, President,
Board of County Commissioners
Harry A. Seyler
Harry A. Seyler, Chief Clerk

Sworn to and subscribed by me this 26th day of July, 1989.

Lois J. Menten
Notary Public

[Notarial Seal]

My Commission Expires:



Schedule A

COUNTY OF YORK, PENNSYLVANIA

Gross Nonelectoral Debt:

County of York, Pennsylvania General Obligation Bonds, Series of 1977	\$ 2,945,000
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County of York, Pennsylvania General Obligation Bonds, Series of 1986	<u>4,175,000</u>
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Total Gross Nonelectoral Debt	\$ 7,120,000
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Gross Lease Rental Debt:

York County Solid Waste and Refuse Authority Adjustable Tender Industrial Development Revenue Bonds (Resource Recovery Project), Series of 1985	<u>\$130,000,000</u>
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Total Nonelectoral and Lease Rental Debt	\$137,120,000
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CERTIFICATE WITH RESPECT TO
 NO DECREASE IN SELF-LIQUIDATING
 LEASE RENTAL DEBT PURSUANT TO
 SECTION 410(b) OF LOCAL
GOVERNMENT UNIT DEBT ACT

The undersigned officers of County of York, Pennsylvania (the "County") hereby certify pursuant to Section 410(b) of the Local Government Unit Debt Act that there is no increase or decrease in the amount of self-liquidating lease rental debt of the County with respect to the \$130,000,000 aggregate principal amount of York County Solid Waste and Refuse Authority Adjustable Tender Industrial Development Revenue Bonds (Resource Recovery Project), Series of 1985 heretofore approved by the Pennsylvania Department of Community Affairs on December 23, 1985 at No. E-900.

COUNTY OF YORK

By *Lorraine B. Horvi*
 President, Board of
 County Commissioners

By *Hanya A. Saper*
 Chief Clerk

Dated: July 26, 1989