

COUNTY OF YORK, PENNSYLVANIA  
COMMONWEALTH OF PENNSYLVANIA  
ORDINANCE NO. 2000-7

AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT OF THE COUNTY OF YORK BY THE ISSUANCE OF ITS \$10,000,000 PRINCIPAL AMOUNT GENERAL OBLIGATION NOTE, SERIES A OF 2000, AND ITS \$10,247,727 GENERAL OBLIGATION NOTE, SERIES B OF 2000, FOR THE PURPOSE OF PROVIDING FUNDS FOR AND TOWARDS A CAPITAL PROJECT; AUTHORIZING THE PREPARATION AND FILING OF A DEBT STATEMENT AND OTHER DOCUMENTATION; COVENANTING TO CREATE A SINKING FUND AND TO BUDGET, APPROPRIATE AND PAY DEBT SERVICE ON THE NOTES AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY OF YORK FOR THE NOTES; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTES; SETTING FORTH THE STATED PRINCIPAL AND INTEREST PAYMENT DATES, REDEMPTION PROVISIONS, PLACE OF PAYMENT AND OTHER DETAILS OF THE NOTES; PROVIDING FOR THE SALE OF THE NOTES AT PRIVATE SALE BY NEGOTIATION AND ACCEPTING PROPOSALS FOR THE PURCHASE OF THE NOTES; APPOINTING A LOAN PAYING AGENT AND SINKING FUND DEPOSITORY; AND AUTHORIZING OTHER NECESSARY ACTION.

Recitals

The County of York, Pennsylvania (the "Governmental Unit") has determined to finance a portion of the costs of its capital improvement program, as more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Project"). The Governmental Unit is granted the power by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended (the "Act"), to incur indebtedness and to issue bonds or notes for the purpose of providing funds for and towards the costs of the Project.

The Governmental Unit has received a proposal for the purchase of its General Obligation Note, Series A of 2000 (the "First Note") from Emmaus General Authority, of Emmaus, Pennsylvania (the "Authority") and has received a proposal for the purchase of its General Obligation Note, Series B of 2000 (the "Credit Note") (the First Note and the Credit Note are collectively referred to herein as the "Notes") from KBC Bank N.V., New York Branch (the "Bank") and now desires to authorize the issuance of the Notes for the purpose of financing a portion of the costs of the Project, including the costs of issuing the Notes, and to accept the proposals for the purchase of the Notes.

The First Note is to be issued pursuant to this Ordinance and pursuant to a Project Agreement (the "Project Agreement") between the Governmental Unit and the Authority. The Project Agreement and First Note will be transferred and delivered by the Authority to Chase Manhattan Trust Company, National Association as trustee (together with any successor in such capacity, the "Trustee") under a Trust Indenture dated as of March 1, 1989, as amended (the "Indenture"), in order to secure in part a separate subseries (Subseries D-22) of the Authority's Local Government Revenue Bonds (Bond Pool Program), Series 1989 D (such Subseries D-22 is referred to herein as the "Bonds").

The purpose of the Credit Note is to evidence the Governmental Unit's obligation to reimburse the Bank under a Credit Agreement (the "Credit Agreement") among the Governmental Unit, the Bank and Chase Manhattan Trust Company, National Association, as loan paying agent for the Governmental Unit (together with any successor loan paying agent under the Credit Agreement, the "Loan Paying Agent") and as Trustee. Pursuant to the Credit Agreement, the Bank will issue a letter of credit (the "Letter of Credit") to provide a Loan Credit Facility (as defined in the Indenture) for the loan and a Loan Bond Liquidity Facility (as defined in the Indenture) for the Bonds. Pursuant to the Credit Note, the Governmental Unit is required to reimburse the Bank for amounts advanced by the Bank under the Credit Agreement. Prior to any such advances, the Credit Note is in the nature of a standby obligation of the Governmental Unit.

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of COUNTY OF YORK, PENNSYLVANIA and IT IS HEREBY ORDAINED, as follows:

Section 1. Authorization of Project and Incurrence of Indebtedness; Useful Life and Estimated Cost. The Governmental Unit shall undertake the Project and shall incur indebtedness pursuant to the Act in the amount of \$10,000,000 with respect to the First Note and \$10,247,727 with respect to the Credit Note for the purpose of providing funds for and toward the costs of the Project, including the expenses of the financing.

The Governmental Unit hereby reserves the right, subject to the terms of the Project Agreement and the Credit Agreement, to undertake the renovations and improvements included in the Project in such order and at such time or times as it shall determine and to allocate the proceeds of the First Note and other available moneys to the final costs of the Project in such amounts and order of priority as it shall determine; but the proceeds of the Notes shall be used solely to pay the "costs," as defined in the Act, of the Project or, upon appropriate amendments to this Ordinance, to pay the costs of other capital projects for which the Governmental Unit is authorized to incur indebtedness under the Act.

It is hereby determined and stated that the estimated cost of the portion of the Project to be financed with the proceeds of the First Note is \$10,000,000 and that such cost is based upon actual bids for the Project or professional estimates received by the Governmental Unit from persons qualified by experience to provide such estimates.

It is hereby determined and stated that the estimated completion date of the portion of the Project to be financed with the proceeds of the First Note is December 1, 2003, that none of the subprojects comprising the Project will be completed prior to December 1, 2002, that the realistic estimated useful life of the Project is in excess of thirty (30) years, and that principal on the Notes is scheduled to mature in accordance with the limitations set forth in Section 8142(a)(2) of the Act.

Section 2. Authorization of Issuance of Notes. The Governmental Unit shall issue, pursuant to the Act and this Ordinance, its \$10,000,000 principal amount General Obligation Note, Series A of 2000, and its \$10,247,727 principal amount General Obligation Note, Series B of 2000, to provide funds for and toward the costs of the Project authorized in Section 1 hereof.

Section 3. Type of Indebtedness. The indebtedness authorized by this Ordinance is nonelectoral debt.

Section 4. Execution of Debt Statement, Notes and Other Documents. Any two (2) members of the Board of Commissioners and the Chief Clerk of the Governmental Unit and their successors are hereby authorized and directed to file the debt statement required by Section 8110 of the Act, to execute and deliver the Notes in the name and on behalf of the Governmental Unit and to take all other action required by the Act or this Ordinance in connection with the issuance of the Notes. Said officers and their successors are further hereby authorized if, in their opinion, it is advisable to do so, to prepare and file such statements and documents as may be required by Article II of the Act in order to qualify all or any portion of the existing indebtedness of the Governmental Unit or of the above authorized indebtedness as subsidized or self-liquidating debt.

Section 5. Type of Notes. The Notes when issued will be general obligation notes.

Section 6. Covenant to Pay Debt Service - Pledge of Taxing Power. The Governmental Unit hereby covenants with the holders of the Notes outstanding pursuant to this Ordinance as follows: that the Governmental Unit will include in its budget for each fiscal year during which the Notes or either Note are outstanding the amount of the debt service on the Notes issued hereunder which will be payable in each such fiscal year so long as the Notes or either Note shall remain outstanding; that the Governmental Unit shall appropriate from its general revenues such amounts and punctually pay or cause to be paid the principal of and interest on the Notes at the dates and places and in the manner stated in the Notes according to the true intent and meaning thereof; and for such budgeting, appropriation and payment the Governmental Unit hereby pledges its full faith, credit and taxing power. The covenant contained in this Section 6 shall be specifically enforceable.

Section 7. Forms of Notes. The First Note and the Credit Note shall be substantially in the forms set forth in the forms of Project Agreement and Credit Agreement set forth in Exhibits C and D hereto, respectively, with appropriate omissions, insertions and variations.

**Section 8. Terms of Notes.** The First Note shall be issued in bearer form, as one note in the denomination of \$10,000,000, shall be dated as of the date of issuance and shall mature on December 1, 2003. The First Note shall bear interest from its date of issuance on the unpaid principal amount thereof at a variable rate equal to the Weekly Rate (as defined in the Indenture) on the Bonds plus .55%, but in no event shall such variable rate exceed the maximum rate of 15.55% per annum. Interest on the First Note shall be calculated on the basis of a 365- or 366-day year for the number of days actually elapsed. Interest on the First Note shall be payable to the holder of the First Note on the first Business Day (as defined in the Project Agreement) of each month commencing with the first month following issuance of the First Note (each an "Interest Payment Date") to and including December 1, 2003. The principal of the First Note shall be payable to the holder of the First Note on December 1, 2003. In the event that and for so long as any of the Bonds are Bank Bonds (as defined in the Indenture) and bear interest at the Credit Rate (as defined in the Credit Agreement), an equal principal amount of the First Note shall bear interest at a rate equal to the Credit Rate plus .55% per annum, payable on the interest payment dates (the "Interest Payment Dates") for such Bank Bonds; provided, that the principal of the First Note shall continue to be due and payable on December 1, 2003; and provided further that any amounts paid under the Credit Note in satisfaction of amounts due with respect to principal of or interest at the Credit Rate on the Bank Bonds shall be deemed to be a payment of like amounts under the First Note with respect to such Bank Bonds. Notwithstanding the foregoing, the Governmental Unit is required to pay to the Paying Agent in immediately available funds for deposit in the Sinking Fund for the First Note the amount of any payment of principal and/or interest under the First Note on or prior to 11:00 a.m. on the Business Day (as defined in the Project Agreement) prior to the applicable Interest Payment Date.

The Credit Note shall be issued in bearer form, as one note in the denomination of \$10,247,727 shall be dated the date of issuance and shall mature not later than January 1, 2009. The Credit Note shall bear interest on the unpaid outstanding principal amount thereof from time to time at an annual rate as set forth in the Credit Note. Interest shall be payable on the first business day of each month, commencing with the first such day that occurs after the date that any advance is made under the Credit Note. With respect to a Credit Advance (as defined in the Credit Agreement) other than a Bank Loan Advance, the Governmental Unit shall immediately repay the Bank an amount equal to such advance on the date of such advance. The principal of the Credit Note related to a Bank Loan Advance (as defined in the Credit Agreement) shall be payable in installments on the dates and in the amounts set forth in Exhibit B hereto. The principal of the Credit Note related to a Liquidity Advance (as defined in the Credit Agreement) shall be payable on the earlier of the date of remarketing of the related Bank Bonds or December 1, 2003.

The principal of and interest on the Notes shall be payable in lawful money of the United States of America at the corporate trust office of Chase Manhattan Trust Company, National Association, in Philadelphia, Pennsylvania. Chase Manhattan Trust Company, National Association or any successor to its corporate trust business is hereby appointed loan paying agent and the sinking fund depository for each Note.

Section 9. Prepayment of Notes. The Notes shall be subject to prepayment prior to maturity as described in the respective forms of Notes set forth in Exhibits C and D of this Ordinance.

Section 10. Sale of Notes. The Notes shall be sold at private sale by negotiation as hereinafter set forth in Section 13. After due consideration, the Board of Commissioners of the Governmental Unit hereby finds and determines, on the basis of all the information available, that a private sale of the Notes by negotiation is in the best financial interest of the Governmental Unit.

Section 11. Creation of and Deposits in Sinking Fund. The Governmental Unit covenants that there shall be and there is hereby established and that it shall hereafter maintain a sinking fund (the "Sinking Funds") for each Note to be held by the Loan Paying Agent (or such substitute or successor Loan Paying Agent which shall hereafter be appointed in accordance with the provisions of the Act or otherwise) in the name of the Governmental Unit, but subject to withdrawal only by the Loan Paying Agent.

For each Note, the Governmental Unit covenants and agrees to deposit in the applicable Sinking Fund on each payment date (or prior thereto if required under such Note) the debt service payable on such Note or such greater or lesser amount as at the time shall be sufficient to pay principal of and interest on such Note becoming due on each such date.

Pending application to the purposes for which each Sinking Fund is established, the Chairman or the Vice Chairman of the Board of Commissioners is hereby authorized and directed to cause the moneys therein to be invested or deposited and insured or secured as permitted and required by Section 8224 of the Act; in the absence of instructions from the Governmental Unit, the Loan Paying Agent is authorized to invest such moneys as provided in the Loan Paying Agent Agreement (as hereinafter defined) between the Governmental Unit and the Loan Paying Agent. All income received on such deposits or investments of moneys in each Sinking Fund during each applicable period shall be added to such Sinking Fund and shall be credited against the deposit next required to be made in such Sinking Fund.

The Loan Paying Agent is hereby authorized and directed, without further action by the Governmental Unit, to pay from each Sinking Fund the principal of and interest on the applicable Note as the same become due and payable in accordance with the terms thereof, and the Governmental Unit hereby covenants that such moneys, to the extent required, will be applied to such purposes.

All moneys deposited in each Sinking Fund for the payment of the applicable Note which have not been claimed by the owners thereof after two years from the date payment is due, except where such moneys are held for the payment of outstanding checks, drafts or other instruments of the Loan Paying Agent, shall be returned to the Governmental Unit. Nothing contained herein shall relieve the Governmental Unit of its liability to the holders of unrepresented Notes.

The proper officers of the Governmental Unit are authorized to enter into a contract with Chase Manhattan Trust Company, National Association or any successor to its corporate trust business, in connection with its duties as the Loan Paying Agent (the "Loan Paying Agent Agreement").

Section 12. No Taxes Assumed. The Governmental Unit shall not assume the payment of any tax or taxes in consideration of the purchase of the Notes.

Section 13. Award and Sale of Notes. The First Note is hereby awarded and sold to the Authority at a price of \$10,000,000 and in accordance with the terms and conditions contained in the proposal of the Authority presented at this meeting, which proposal is hereby accepted. The Credit Note is hereby awarded and sold to the Bank at a maximum price of \$10,247,727 and in accordance with the terms and conditions contained in the proposal of the Bank presented at this meeting, which proposal is hereby accepted. A copy of said proposals shall be attached to this Ordinance and lodged with the official minutes of this meeting and is hereby incorporated herein by reference. The proper officers of the Governmental Unit are hereby authorized and directed to endorse the acceptance of the Governmental Unit on said proposals and to deliver executed copies thereof to the Authority and the Bank, respectively.

Pursuant to such proposals, the Notes will be issued on December 1, 2000 unless the Governmental Unit, the Authority and the Bank agree to a later closing.

Section 14. Federal Tax Covenants. The Governmental Unit will take no action, or permit or suffer any action or event, which will cause the Bonds to be a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). The Governmental Unit will neither make nor cause to be made any investment or other use of the proceeds of the First Note which would cause the Bonds to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and that it will comply with the requirements of such Section and any regulations applicable thereto throughout the term of the Bonds. The Governmental Unit agrees to comply with all other tax covenants set forth in the Project Agreement.

Section 15. Execution and Authentication of Notes. As provided in Section 4, the Notes shall be executed by any two (2) members of the Board of Commissioners of the Governmental Unit and the Chief Clerk of the Governmental Unit and each such execution may be by manual or facsimile signature. If any officer whose signature appears on any Note shall cease to hold such office before the actual delivery date of such Note, such signature shall nevertheless be valid and sufficient for all purposes as if such person had remained in such office until the actual delivery date of such Note.

Section 16. Authorization of Project Agreement, Credit Agreement and Loan Paying Agent Agreement. Any two (2) members of the Board of Commissioners and the Chief Clerk of the Governmental Unit are authorized to execute and deliver the Project Agreement, the Credit Agreement and the Loan Paying Agent Agreement each substantially in the form presented to this meeting, which are hereby approved, subject only to such changes as counsel may

recommend and the Chairman or other authorized officer of the Governmental Unit may approve, such approval to be conclusively evidenced by his or her execution thereof.

Section 17. Application of Proceeds of the Notes. Upon receipt of the purchase price for the First Note, the proper officers of the Governmental Unit shall deposit the same in one or more bank accounts of the Governmental Unit or in PLGIT/ARM or any other permissible investment and apply such proceeds to the payment of the costs of the Project, including certain costs and expenses of issuing the First Note. As provided in the Project Agreement and the Credit Agreement, if and when the proceeds of the Credit Note are drawn, such proceeds shall be applied to pay the principal of and interest on the First Note.

Section 18. Officers Authorized to Act. For the purpose of expediting the closing and the issuance and delivery of the Notes, any two (2) members of the Board of Commissioners and the Chief Clerk are hereby authorized and directed to execute documents, or otherwise to act on behalf of the Governmental Unit.

Section 19. Further Action. The proper officers of the Governmental Unit are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices and otherwise act in such manner as they deem necessary or desirable to accomplish the purposes of this Ordinance and to comply with the provisions of the Act in the name and on behalf of the Governmental Unit.

Section 20. Act Applicable to Notes. This Ordinance is enacted pursuant to, and the Notes issued hereunder shall be subject to, the provisions of the Act and all of the mandatory provisions thereof shall apply hereunder whether or not explicitly stated herein.

Section 21. Contract with Noteholders. This Ordinance constitutes a contract with the holders of the Notes and shall be enforceable in accordance with the provisions of the laws of the Commonwealth of Pennsylvania.

Section 22. Severability. In case any one or more of the provisions contained in this Ordinance or in the Notes issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of said Notes and this Ordinance or said Notes shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

Section 23. Repealer. All ordinances and parts of ordinances heretofore enacted to the extent that the same are inconsistent herewith are hereby repealed.

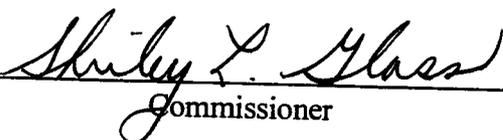
Section 24. Effective Date. This Ordinance shall take effect on the earliest date permitted by the Act.

DULY ADOPTED by the Governing Body of this Local Government Unit,  
in lawful session duly assembled the 25th day of October, 2000.

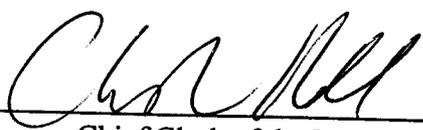
COUNTY OF YORK, PENNSYLVANIA

By:   
President of the Board  
of County Commissioners

By:   
Commissioner

By:   
Commissioner

ATTEST:

  
Chief Clerk of the Board  
of County Commissioners

(SEAL)

CERTIFICATE OF CHIEF CLERK

The undersigned, Chief Clerk of the Board of Commissioners of the County of York HEREBY CERTIFIES that:

1. The foregoing Ordinance authorizing the issuance the \$10,000,000 General Obligation Note, Series A of 2000 and the \$10,247,727 General Obligation Note, Series B of 2000, of the County of York was duly moved and seconded and enacted by a majority vote of all the members of Board of Commissioners of the County of York at a duly called and convened public meeting of said Board of Commissioners held on October 25, 2000; that public notice of said meeting was given as required by law; and that the roll of the Board of Commissioners was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Christopher B. Reilly	
Shirley L. Glass	
James F. Donahue	

2. Said Ordinance has not been altered, amended, modified, suspended or repealed and is still in full force and effect as of the date of the delivery of this Certificate.

WITNESS my hand and seal of the County of York as of October 25, 2000.

\_\_\_\_\_  
Chief Clerk

(SEAL)

SUPPLEMENTAL CERTIFICATE

I certify that the foregoing Ordinance has not been altered, amended, modified, suspended or repealed and is still in full force and effect as of the date of the delivery of this Certificate.

WITNESS my hand and seal of the County of York as of December 1, 2000.

\_\_\_\_\_  
Chief Clerk, County of York

(SEAL)

## EXHIBIT A

### DESCRIPTION OF PROJECTS

Proceeds of the First Note will be used to provide funds for and toward: (1) planning, designing, acquiring, constructing, furnishing and equipping a new County judicial center; (2) planning, designing, acquiring constructing, furnishing and equipping additional buildings of facilities; or alterations, additions and renovations or improvements to existing buildings and facilities, or acquiring related land, fixtures, furnishings or equipment for County purposes; (3) capitalizing the interest on the First Note; and (4) paying the remarketing costs.

EXHIBIT B

<u>Installment of Principal on the Credit Note</u>	<u>Amount (\$)<sup>1</sup></u>
1. 1/1/04	\$ 465,000
2. 7/1/04	475,000
3. 1/1/05	545,000
4. 7/1/05	610,000
5. 1/1/06	675,000
6. 7/1/06	745,000
7. 1/1/07	855,000
8. 7/1/07	895,000
9. 1/1/08	1,075,000
10. 7/1/08	1,085,000
11. 1/1/09	2,822,727

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<sup>1</sup> Assumes full \$10,247,727 is advanced under Credit Note. If lesser amount is advanced, each of the above principal payments is decreased proportionately in amount.

**EXHIBIT C**

**(FORM OF PROJECT AGREEMENT AND FIRST NOTE)**

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**PROJECT AGREEMENT**

**between  
EMMAUS GENERAL AUTHORITY**

**and**

**COUNTY OF YORK**

**Dated as of December 1, 2000**

**Financed from a Loan under Emmaus General Authority's  
Local Government Revenue Bonds (Bond Pool Program),  
Series 1989 D, Subseries D-22**

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This Project Agreement (the "Project Agreement") is made as of December 1, 2000, by and between EMMAUS GENERAL AUTHORITY, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Authority"), and COUNTY OF YORK, a county constituting a Local Government Unit as such term is defined in the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Governmental Unit"),

WITNESSETH:

WHEREAS, the Authority is a body corporate and politic organized under the provisions of the Pennsylvania Municipality Authorities Act of 1945 (Act of May 2, 1945, No. 164, P.L. 382, as amended, the "Authorities Act"); and

WHEREAS, the Authority has issued its \$375,000,000 Local Government Revenue Bonds (Bond Pool Program), Series 1989 A, B, C, D, E, F, G and H (the "Bonds") for the purpose of funding a bond pool program (the "Bond Pool Program"); and

WHEREAS, the purpose of the Bond Pool Program is to provide financing for projects for the benefit of governmental units in the Commonwealth of Pennsylvania through loans by the Authority to the governmental units; and

WHEREAS, the Bonds are issued and the Bond Pool Program has been undertaken by the Authority pursuant to the Authorities Act, the Intergovernmental Cooperation Act, and a Trust Indenture dated as of March 1, 1989, as amended (the "Indenture"), between the Authority and Chase Manhattan Trust Company, National Association (successor trustee to Mellon Bank, N.A., which was successor trustee to CoreStates Bank, N.A., which was formerly known as The Philadelphia National Bank), as trustee (the "Trustee"); and

WHEREAS, at the request of the Governmental Unit and upon its application to the Authority therefor, the Authority intends to make a loan (the "Loan") to the Governmental Unit to finance the Governmental Unit's Project (described in Exhibit B), upon the terms and conditions hereinafter set forth; and

WHEREAS, as consideration for the Authority's financing of the Project, the Governmental Unit shall deliver in bearer form to the Authority a promissory note (the "Note") in the principal amount of \$10,000,000, in substantially the form attached hereto as Exhibit A; and

WHEREAS, the Authority, as security for its obligations under the Indenture, has assigned its interest in this Project Agreement (except for certain rights to indemnification and payment of expenses) and has delivered the Note to the Trustee for the benefit of the Bondholders; and

WHEREAS, the Governmental Unit has entered into a Credit Agreement with KBC Bank N.V., New York Branch (the "Bank") and Chase Manhattan Trust Company,

National Association, as loan paying agent (the "Loan Paying Agent") and Trustee, under which (a) the Bank will issue a letter of credit (the "Letter of Credit") to provide a Loan Credit Facility (as defined in the Indenture) and a Loan Bond Liquidity Facility (as defined in the Indenture) for the Bonds of the Enhanced Subseries (hereinafter defined), and (b) the Governmental Unit will agree to reimburse the Bank for any amounts advanced under the Letter of Credit.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

## ARTICLE I

### Definitions and Rules of Construction

#### SECTION 1.1. Definitions.

Any capitalized term used in this Project Agreement and not specifically defined in this Article I shall have the same meaning herein as in the Indenture unless the context otherwise requires. The following words and terms as used in this Project Agreement shall have the following meanings unless the context otherwise requires:

"Authorities Act" shall have the meaning set forth in the recital hereto.

"Bank" shall mean KBC Bank N.V., New York Branch, or any successor bank under the Credit Agreement.

"Bond Pool Program" shall mean the Authority's 1989 Bond Pool Program financed with the proceeds of the Bonds under which the Authority makes loans to governmental units to finance projects.

"Bondholders" shall mean the registered owners of the Bonds.

"Bonds" shall mean the Authority's Local Government Revenue Bonds (Bond Pool Program), Series 1989 A, B, C, D, E, F, G and H.

"Business Day" shall mean any day, other than a day (a) on which banks located in the City of New York or the cities in which the principal office of any of the following: the Trustee, the Remarketing Agent, the Paying Agent, the Loan Paying Agent or the Bank is located are required or authorized by law to close or (b) on which the New York Stock Exchange is closed.

"Closing Date" shall mean December 1, 2000, the date of the closing of the Loan.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Credit Agreement" shall mean that certain Credit Agreement dated as of December 1, 2000 among the Governmental Unit, the Bank, the Trustee and the Loan Paying Agent under which the Governmental Unit will deliver its General Obligation Note, Series B of 2000 and under which the Bank will issue the Letter of Credit.

"Credit Note" shall mean the General Obligation Note, Series B of 2000 issued by the Governmental Unit in bearer form dated December 1, 2000, pursuant to the Credit Agreement.

"Debt Act" shall mean the Local Government Unit Debt Act, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended.

"Default" shall mean any event which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Enhanced Subseries" shall mean those Bonds constituting the subseries designated Subseries D-22 related to the Loan, which subseries constitutes a portion of the Series 1989 D Bonds.

"Event of Default" shall mean any of the events enumerated in Section 6.1 hereof.

"Generally Accepted Accounting Principles" shall mean those accounting principles applicable in the preparation of financial statements of municipalities, corporations, nonprofit corporations, partnerships or municipality authorities, as appropriate, as promulgated by the Financial Accounting Standards Board, the Government Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

"Governmental Unit" shall mean the County of York, Pennsylvania.

"Indenture" shall have the meaning set forth in the recitals hereto.

"Letter of Credit" shall mean the Letter of Credit issued by the Bank in favor of the Loan Paying Agent and the Paying Agent pursuant to the Credit Agreement which constitutes a Loan Credit Facility (as defined in the Indenture) for the Loan and a Loan Bond Liquidity Facility (as defined in the Indenture) for the Bonds of the Enhanced Subseries.

"Loan" shall mean the loan by the Authority to the Governmental Unit hereunder in the principal amount of \$10,000,000.

"Loan Commitment" shall mean the Loan Commitment dated October 18, 2000 under which the Authority agrees to purchase the Note and make the loan to the Governmental Unit.

"Loan Documents" shall include this Project Agreement, the Note, the Loan Paying Agent Agreement, the Loan Commitment, the Credit Agreement, the Credit Note and all other documents delivered in connection with the Loan.

"Loan Participation Requirements Package" shall mean any standards, letters, applications, documents, covenants, approvals, consents, certifications and opinions which may from time to time be required by the Authority or the Program Administrator as conditions precedent to the closing of the Loan to the Governmental Unit.

"Loan Paying Agent" shall mean Chase Manhattan Trust Company, National Association or any successor as the Governmental Unit's Loan Paying Agent with respect to the Note and the Credit Note under the Loan Paying Agent Agreement.

"Loan Paying Agent Agreement" shall mean the Loan Paying Agent Agreement dated as of December 1, 2000 between the Governmental Unit and the Loan Paying Agent and entered into in connection with the issuance of the Note.

"Loan Payment" shall mean a payment of principal of and/or interest on the Loan under the Note.

"Loan Payment Date" shall mean a date on which a Loan Payment is due under the Note.

"Note" shall mean the Governmental Unit's General Obligation Note, Series A of 2000, substantially in the form attached hereto as Exhibit A.

"Notes" shall mean the Note and the Credit Note collectively.

"Ordinance" shall mean the resolution or ordinance of the Governmental Unit enacted on October 18, 2000, under which the Governmental Unit authorized the issuance of the Note and the Credit Note.

"Paying Agent" shall mean The Chase Manhattan Bank or any successor paying agent for the Bonds appointed pursuant to Section 12.01 of the Indenture.

"Program Administrator" shall mean Public Financial Management, Inc. or any successor program administrator appointed pursuant to Section 12.03 of the Indenture.

"Project" shall mean the projects of the Governmental Unit being financed with the Loan and described in Exhibit B hereto.

"Project Agreement" shall mean this Project Agreement.

"Remarketing Agent" shall mean the remarketing agent with respect to the Enhanced Subseries appointed pursuant to Section 12.02 of the Indenture.

"Remarketing Circular" means the Remarketing Circular dated November 16, 2000 prepared in connection with the remarketing of the Enhanced Subseries of the Series 1989 D Bonds corresponding to the Loan.

"Series 1989 D Bonds" shall mean the Bonds included in Series 1989 D, which series includes the Enhanced Subseries and certain other Bonds.

"Sinking Fund" shall mean the Governmental Unit's sinking fund for the Note created pursuant to the Loan Paying Agent Agreement with the Loan Paying Agent.

"Trust" shall mean the Pennsylvania Local Government Investment Trust, as a sponsor of the Bond Pool Program.

#### SECTION 1.2. Rules of Construction.

The following rules shall apply to the construction of this Project Agreement unless the context otherwise requires:

(a) Singular words shall connote the plural number as well as the singular, and vice versa.

(b) All references herein to particular articles or sections are references to articles or sections of this Project Agreement.

(c) The definition of any document referred to herein shall include all authorized amendments and supplements thereto and the definition of any person or entity shall include its authorized successors and assigns.

(d) The headings and table of contents contained herein are inserted solely for convenience of reference and shall not constitute a part of this Project Agreement nor shall they affect the meaning, construction or effect.

### ARTICLE II

#### Representations, Covenants and Warranties of Governmental Unit

##### SECTION 2.1. Representations and Warranties.

The Governmental Unit represents and warrants for the benefit of the Authority, the Trustee, the Program Administrator, the Remarketing Agent and the Bondholders as follows:

(a) Power and Authority. The Governmental Unit has all requisite power and authority to own and operate its properties, to carry on its activities as now conducted and as presently proposed to be conducted, to enter into the Loan Documents, and to carry out and consummate all transactions contemplated by the Loan Documents.

(b) Full Disclosure.

(i) There is no fact that the Governmental Unit has not disclosed to the Authority, the Program Administrator and the Remarketing Agent in writing that adversely affects (so far as the Governmental Unit can now foresee) the properties, activities, prospects or conditions (financial or otherwise) of the Governmental Unit or the ability of Governmental Unit to make all Loan Payments and otherwise perform its obligations under the Loan Documents.

(ii) The Remarketing Circular, the financial information referred to in Section 2.2(d) of this Project Agreement, and any other written statement furnished by the Governmental Unit to the Authority, the Program Administrator and the Remarketing Agent, do not and will not contain any untrue statement of a material fact with respect to the Governmental Unit or omit to state a material fact with respect to the Governmental Unit necessary to make the statements contained therein or herein, in light of the circumstances under which they were made, not misleading.

(c) Pending Litigation. There are no proceedings that have not been fully disclosed to the Authority, the Program Administrator and the Remarketing Agent pending, or to the knowledge of the Governmental Unit threatened, against or affecting the Governmental Unit in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Governmental Unit, or the ability of the Governmental Unit to make all Loan Payments and otherwise perform its obligations under the Loan Documents, or the validity or the enforceability of the Loan Documents.

(d) Loan Documents. The execution and delivery of the Loan Documents, and the consummation of the transactions provided for in the Loan Documents, and compliance by the Governmental Unit with the provisions of the Loan Documents:

(i) have been duly and effectively authorized by all necessary action on the part of the Governmental Unit; and

(ii) except to the extent disclosed in writing to the Authority, the Program Administrator and the Remarketing Agent, do not and will not conflict with or result in any breach of any of the material terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Governmental Unit pursuant to any indenture, loan agreement or other agreement or instrument (other than the Loan Documents) or of any other contractual or legal restriction to which the Governmental Unit is a party or by which the Governmental Unit, its properties or operations may be bound, or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Governmental Unit, its properties or operations is subject.

The Note and the Credit Note have been approved in accordance with the provisions of the Debt Act and represent general obligations of the Governmental Unit for which the full faith and credit and the ad valorem taxing power of the Governmental Unit are pledged.

(e) No Defaults. No event has occurred and no condition exists which, upon execution of the Loan Documents, would constitute a Default or an Event of Default. The Governmental Unit is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (1) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by, the Authority, and (2) do not, and will not, have any material adverse affect on the transactions contemplated under the Loan Documents and the compliance by the Governmental Unit with the terms hereof) of any laws, ordinances, governmental rules or regulations or court or other governmental orders, or of any term of any agreement, charter, bylaw or other instrument to which it is a party or by which it or its property or operations is or may be bound.

(f) Governmental Consent. The Governmental Unit has obtained all required approvals under the Debt Act and has obtained, or reasonably expects to obtain, all permits and approvals required by any governmental body or officer for the acquisition, construction, renovation and installation of the Project, and the financing or refinancing thereof or the reimbursement of the Governmental Unit therefor. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those already obtained) is required on the part of the Governmental Unit as a condition to the execution and delivery of the Loan Documents.

(g) Compliance with Law. The Governmental Unit is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject that are material to the issuance of the Notes and the performance of the Governmental Unit's obligations thereunder.

(h) Binding Obligation. The Loan Documents are legal, valid and binding obligations and agreements of the Governmental Unit, enforceable against the Governmental Unit in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles affecting the enforcement of creditors' rights generally.

(i) The Project. The Project for which this Project Agreement is entered into is a "project" as such term is defined in the Debt Act and in the Authorities Act.

## SECTION 2.2. Covenants of Governmental Unit.

The Governmental Unit covenants for the benefit of the Authority, the Trustee, the Program Administrator, the Remarketing Agent and the Bondholders to observe the covenants set forth hereinbelow.

### (a) Maintenance and Use of Project.

(i) The Governmental Unit shall maintain the Project in good condition and working order and make all necessary renewals, replacements, additions, betterments and improvements thereof and thereto.

(ii) The Governmental Unit shall use the Project in furtherance of its authorized activities as a governmental unit.

(b) Rates and Charges. The Governmental Unit agrees to operate itself and its properties on a revenue-producing basis or to levy such taxes or to charge such fees, charges and rates for its facilities and services and to exercise such skill and diligence as to provide revenues and cashflow from its properties, together with other available funds, sufficient to pay promptly all Loan Payments, all debt service requirements on all other indebtedness, expenses of operation, maintenance and repairs of its properties and to provide all other payments required to be made by the Governmental Unit under this Project Agreement. The Governmental Unit further covenants and agrees that it will, from time to time as often as necessary, and within applicable limits of law, revise its taxes, rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

(c) Insurance. The Governmental Unit shall maintain, with financially sound and reputable insurers (or, with a certificate of approval of a qualified insurance consultant, a program of self-insurance), insurance with respect to its property and operations, including, but not limited to, the Project, against such casualties and contingencies, of such types (including public liability insurance) and in such amounts as are customary in the case of governmental units engaged in the same or similar activities and similarly situated.

(d) Delivery of Financial Information. Upon the request of the Authority, the Governmental Unit shall deliver to the Authority its most recent financial statements or such other financial information as the Authority or the Trustee may reasonably request.

(e) Maintenance of Existence. The Governmental Unit will maintain its existence as a governmental unit.

(f) Taxes, Other Governmental Charges. The Governmental Unit shall pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may be lawfully assessed, levied or imposed on the Authority or the Governmental Unit with respect to the Project.

(g) Federal Tax Covenants.

(i) The Governmental Unit will not take any action, or permit or suffer any action or event, which will cause the Bonds to be a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). The Governmental Unit further covenants that (i) not more than ten percent (10%) of the proceeds of the Note will be used for any private business use (as defined in Section 141(b)(6) of the Code) if the payment of more than ten percent (10%) of the principal or more than ten percent (10%) of the interest due on the Note during its term is, under the terms of the Note or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a private business use or in payments in respect of property used or to be used for a private business use or is to be derived from payments, whether or not to the Governmental Unit, in respect of property or borrowed money used or to be used for a private business use; and (ii) that, in the event that in excess of five percent (5%) of the proceeds of

such Note are used or have been used for a private business use, and an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on such Note during the term thereof is, under its terms or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said private business use or in payments in respect of property used or to be used for said private business use or is to be derived from payments, whether or not to the Governmental Unit, in respect of property or borrowed money used or to be used for said private business use, then said excess over said five percent (5%) of proceeds of the Note used for a private business use has been or will be used for a private business use related to the governmental use of the Project.

(ii) The Governmental Unit hereby covenants that it will neither make nor cause to be made any investment or other use of the proceeds of the Note which would cause the Bonds to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and that it will comply with the requirements of such Section and any regulations applicable thereto throughout the term of the Bonds. To such end, the Governmental Unit hereby agrees to make available to the Authority and the Program Administrator any and all such information as they may reasonably request in order to comply with the Code.

(iii) None of the property acquired or constructed as part of the Project will be sold or disposed of in the foreseeable future.

(iv) None of the proceeds of the Note will be used to refund prior debt of the Governmental Unit.

(v) The Governmental Unit acknowledges that the aggregate temporary period (as defined in Section 148(c) of the Code) allowed with respect to the proceeds of the Bonds (pursuant to which it may invest proceeds of the Bonds at a higher yield) will not exceed three years from the date of issuance of the Bonds or three years from the date of deposit of repayments of principal of the related notes, whichever is applicable (i.e., an aggregate maximum of thirty-six months to the Authority and to the Governmental Unit). The three year temporary period with respect to the proceeds for this Loan ends on February 3, 2003. The Governmental Unit covenants that it will proceed with due diligence to complete the Project and to expend sixteen and seventy-nine hundredths percent (16.79%) of the spendable proceeds it has borrowed by February 3, 2003 and to expend one hundred percent (100%) by December 1, 2003. At least \$100,000 of Note proceeds (or 2.5% of the Note proceeds, if such amount is less than \$100,000) will be spent by the Governmental Unit or the Governmental Unit will have entered into a substantial binding obligation to expend \$100,000 within six months of the Note closing. Any proceeds remaining after February 3, 2003 will be restricted to the yield (as defined in Section 148(h) of the Code) on the Bonds. The Governmental Unit agrees to use the calculation of the yield on the Bonds, the Note, or the investments made with the Note proceeds, as determined by the Program Administrator and agrees to follow the instructions of the Program Administrator as to all matters relating to the restriction of yield on the investment of Note proceeds after the end of the relevant temporary period. Any proceeds of the Note remaining unspent on the maturity date or earlier prepayment date of the Note will be applied by the Governmental Unit to the repayment of the Note.

(vi) At least five percent (5%) of the Note proceeds will be spent for the Project within each 12-month period following the Closing Date.

(vii) The Governmental Unit does not have outstanding any other debt the proceeds of which will be used to finance the same costs of construction or acquisition of the Project being financed with the proceeds of the Note.

(viii) The estimated completion date of construction of the portion of the Project being financed with the Loan is December 1, 2003, which is the date that the Note is due and payable.

(h) Credit Agreement and Credit Note. The Governmental Unit shall maintain and keep in full force and effect the Credit Agreement and Credit Note so long as the Note remains outstanding.

(i) Indemnification. The Governmental Unit shall at all times protect, indemnify and save harmless the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent and the Trust from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, attorneys fees and expenses) imposed upon or incurred by or asserted against the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent or the Trust on account of (a) any failure of the Governmental Unit to comply with any of the terms or representations in this Project Agreement, (b) any inaccuracy or alleged inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact with respect to the Governmental Unit or the Project contained in the Remarketing Circular, or the omission or alleged omission to state therein a material fact necessary to make the statements with respect to the Governmental Unit and the Project contained in the Remarketing Circular, in light of the circumstances under which they were made, not misleading, or (c) any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof. Nothing contained herein shall require the Governmental Unit to indemnify the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent or the Trust for any claim or liability resulting from any of their gross negligence or willful misconduct.

If any action, suit or proceeding is brought against the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent or the Trust for any loss or damage for which the Governmental Unit is required to provide indemnification under this section, the Governmental Unit, upon request, shall at its expense resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Governmental Unit and approved by the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent or the Trust, as the case may be, and such approval shall not be required in the case of defense by counsel designated by any insurance company undertaking such defense pursuant to any applicable policy of insurance. The obligations of the Governmental Unit under this section shall survive any termination of this Project Agreement.

All references in this section to the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent or the Trust shall include their directors, members, trustees, officers, employees and agents.

(j) No Purchase of Bonds. The Governmental Unit agrees that it will not purchase any of the Bonds for its own account.

### ARTICLE III

#### Financing the Project

##### SECTION 3.1. Agreement to Acquire, Undertake and Construct or Install the Project.

The Authority is making the Loan to the Governmental Unit in order to finance the Governmental Unit's Project. The Authority will not own or have any other real estate interest in the Project or any responsibility with respect to the construction, maintenance or operation of the Project. The sole participation of the Authority in the Project is in providing the financing to the Governmental Unit. Neither the Governmental Unit nor any other person shall have the right to rely on any procedures required by the Authority herein, such procedures being solely for the protection of the Authority as lender.

The Governmental Unit agrees to acquire, construct and equip or install as appropriate, the Project and agrees to perform all acts and agreements provided for in this section and agrees, in carrying out such obligations, to:

(i) obtain all licenses, permits and consents with respect to the Project, and

(ii) bring any action or proceeding against any person with respect to the Project as the Governmental Unit shall deem proper.

The Governmental Unit agrees to proceed with the acquisition, construction and equipping or installation, as appropriate, of the Project as promptly as practicable after the execution of this Project Agreement, and to use its best efforts to have the Project promptly completed or installed.

##### SECTION 3.2. Disbursement of Loan Proceeds.

On the Closing Date, the Trustee shall disburse the net proceeds of the Loan (after the payment of certain costs of issuance in accordance with the Indenture) to the Governmental Unit upon receipt by the Trustee of the agreements and other documents required hereunder and under the Indenture.

### SECTION 3.3. Note.

On the Closing Date, the Governmental Unit shall deliver the Note to the Authority as consideration for the Authority's Loan hereunder, under the Credit Agreement and as evidence of the Governmental Unit's obligation to repay the Loan. The Note shall be substantially in the form attached hereto as Exhibit A.

### SECTION 3.4. Governmental Unit to Complete Project.

If the Loan proceeds advanced hereunder are not sufficient to pay the full costs of the Project, the Governmental Unit shall pay such moneys as are necessary to provide for payment in full of such costs. The Governmental Unit shall not be entitled to any reimbursement therefor from the Authority or the Trustee nor shall it be entitled to any abatement, diminution or postponement of its payments hereunder or under the Note nor shall the Authority be obligated to make any additional loan or provide any other funds to the Governmental Unit.

### SECTION 3.5. Limitation of Liability.

No covenant, agreement or obligation contained herein or in any other Loan Document shall be deemed to be a covenant, agreement or obligation of a present or future member, officer, employee, or elected or appointed governmental official of the Authority or of the Governmental Unit in his or her individual capacity, and no such person shall be liable personally under the Loan Documents or be subject to any personal liability or accountability by reason of the execution and delivery thereof. No member, officer, employee or elected or appointed governmental official of the Authority or Governmental Unit shall incur any personal liability with respect to any other action taken by him or her pursuant to the Loan Documents, the Authorities Act or the Debt Act.

The obligations of the Authority hereunder are limited obligations payable solely from the proceeds of the Bonds and other moneys held under the Indenture, and the Governmental Unit releases and exculpates the Authority from any liability arising out of the Loan or the Bond Pool Program, except and only to the extent such liability is payable from such sources.

### SECTION 3.6. Disclaimer of Warranties.

THE AUTHORITY DOES NOT MAKE ANY REPRESENTATION OR WARRANTY THAT THE GOVERNMENTAL UNIT SHALL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. The Governmental Unit recognizes that the Project is being acquired, constructed and equipped or installed, as applicable, by the Governmental Unit and by contractors and suppliers selected by the Governmental Unit and in accordance with plans and specifications prepared by architects or engineers selected by the Governmental Unit. THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE GOVERNMENTAL UNIT'S PURPOSES, AS TO THE ABSENCE OF ANY DEFECTS,

LATENT OR PATENT, OR AS TO ANY DEFECT IN THE DESIGN OF THE PROJECT OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS TO BE EXPENDED PURSUANT TO THIS PROJECT AGREEMENT WILL PAY THE COSTS TO BE INCURRED IN CONNECTION WITH THE PROJECT.

## ARTICLE IV

### The Loan

#### SECTION 4.1. Financing Term.

The Governmental Unit's obligations under this Project Agreement and the Note shall commence on the Closing Date and shall terminate after payment in full of all amounts due under this Project Agreement and the Note; provided, however, that the covenants and obligations provided in Sections 2.2(i), 3.5, 3.6, 6.4, 7.8, 7.9 and 7.10 shall survive the termination of the Project Agreement and the payment in full of the amounts due hereunder or under the Note.

#### SECTION 4.2. Closing Submissions.

On the Closing Date, the Governmental Unit shall deliver or cause to be delivered to the Program Administrator, the Authority, the Trustee, and the Remarketing Agent, the following or copies thereof:

- (a) this Project Agreement, the Note, the Loan Paying Agent Agreement, the Credit Agreement, the Letter of Credit and the Credit Note; and
- (b) the items required under Article V of the Indenture; and
- (c) such items in the Loan Participation Requirements Package as the Authority or the Program Administrator shall require; and
- (d) such other certificates (including a tax certificate), documents, opinions and other information as the Authority, the Program Administrator, the Trustee, the Loan Paying Agent or the Remarketing Agent may require or as are required pursuant to the Indenture.

All opinions and certificates shall be dated the Closing Date hereunder.

#### SECTION 4.3. Loan.

The Authority hereby agrees to extend the Loan to the Governmental Unit in the amount of \$10,000,000. On the Closing Date, the Authority will cause the Trustee to advance the net proceeds of the Loan (after the payment of certain closing costs in accordance with the Indenture) to the Governmental Unit. The Governmental Unit agrees to repay the Loan in the amounts, on the dates and subject to the terms set forth in the Note and the Ordinance. The Governmental Unit may prepay the Loan as set forth in the Note.

**SECTION 4.4. Pledge; Payment of Loan Payments.**

The Note shall constitute a general obligation of the Governmental Unit for which its full faith, credit and ad valorem taxing power is pledged. The Governmental Unit shall pay all Loan Payments in lawful money of the United States of America to the Loan Paying Agent.

**SECTION 4.5. Payments Assigned; Obligations of Governmental Unit Unconditional.**

It is understood and agreed that this Project Agreement and all rights hereunder (except for the Authority's rights hereunder to give or withhold consent, to indemnification, to the payment of fees and expenses and to the receipt of notices), including any security interest created hereunder, are being assigned under the Indenture to the Trustee, and that if an Event of Default under the Indenture should occur, the Trustee may enforce this Project Agreement or sell or otherwise realize value on the collateral, including the Note (if the Trustee is the holder of the Note), it holds to secure payment of the Enhanced Subseries. The Governmental Unit consents to such assignment, agrees to make all such payments to the Loan Paying Agent or its agents and agrees that its obligation to make the payments required by this Article IV and to observe and perform all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of set off, recoupment or counterclaim it might otherwise have against the Authority, the Trustee, the Program Administrator, the Remarketing Agent or the Loan Paying Agent. The Governmental Unit will not suspend or discontinue any such payment or fail to observe and perform any of its other covenants, conditions and agreements hereunder and will not terminate this Project Agreement for any cause, including without limitation, failure of the Governmental Unit to complete the acquisition and installation of the Project, failure of consideration, failure of title to any part or all of the Project, or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Project, or any change in the tax or other laws of the United States of America, the Commonwealth or any political subdivision of either, or any failure of the Authority or the Program Administrator to observe and perform any covenants, conditions and agreements, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Project Agreement or the Indenture. The Governmental Unit may, however, after giving to the Authority, the Loan Paying Agent, the Trustee and the Program Administrator twenty days' notice of its intention to do so, at its own expense and in its own name, or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the Governmental Unit deems necessary or desirable in order to secure or protect any of its rights hereunder. The Authority shall cooperate fully with the Governmental Unit and will take all necessary action to effect the substitution of the Governmental Unit for the Authority in any such action or proceeding if the Governmental Unit shall so request.

**SECTION 4.6. Payments Due on Holidays.**

If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Project Agreement, shall not be a Business Day, such payments may be made or acts performed or rights exercised on the next succeeding

Business Day, with the same force and effect as if done on the payment date provided in this Project Agreement.

SECTION 4.7. Time of Payment.

Any Loan Payment or other payment hereunder which is received by the Loan Paying Agent after 11:00 a.m. on any day shall be deemed received on the following Business Day.

ARTICLE V

Assignment

SECTION 5.1. Assignment by Authority or Trustee.

This Project Agreement and the Note, including the right to receive payments required to be made by the Governmental Unit hereunder and thereunder and to compel or otherwise enforce performance by the Governmental Unit of its other obligations hereunder and thereunder, may be assigned and reassigned in whole or in part to one or more assignees or subassignees by the Authority or the Trustee at any time subsequent to its execution without the necessity of obtaining the consent of the Governmental Unit. The Governmental Unit expressly acknowledges that all right, title and interest of the Authority in and to this Project Agreement and the Note, excluding the Authority's rights hereunder to give and withhold consent, to indemnification, to the receipt of notices and to the payment of fees and expenses, has been assigned to the Trustee, as security for the Series 1989 D Bonds, under and as provided in the Indenture, and that if any Event of Default shall occur, the Trustee shall be entitled to act hereunder in the place and stead of the Authority.

The Governmental Unit hereby consents to such assignment and agrees to make the Loan Payments due hereunder to the Loan Paying Agent; provided, however, that any such assignment, transfer and pledge of this Project Agreement and the Note shall not subject the Trustee to any of the obligations hereunder of the Authority and the assignment and pledge hereof to the Trustee shall not be subject to any defense, set-off, counterclaim and recoupment whatsoever arising by reason of any indebtedness or liability at any time owing to the Authority, the Trustee or any manufacturer or supplier of any portion of the Project. The Governmental Unit hereby approves the Indenture and consents to said assignment and appointment.

SECTION 5.2. Assignment by the Governmental Unit.

This Project Agreement may not be assigned or encumbered by the Governmental Unit for any reason without the express written consent of the Authority, the Trustee and the Bank.

## ARTICLE VI

### Events of Default and Remedies

#### SECTION 6.1. Events of Default Defined.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (a) Failure by the Governmental Unit to pay any Loan Payment or other payment required to be paid hereunder or under the Note on or before the date on which such Loan Payment is due and payable;
- (b) Failure by the Governmental Unit to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Project Agreement, other than as referred to in Section 6.1(a) or 6.1(c) through (i), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Governmental Unit by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Governmental Unit within the applicable period and diligently pursued until the Default is corrected;
- (c) Any warranty, representation or other statement by or on behalf of the Governmental Unit contained in this Project Agreement, or in any instrument furnished in compliance with or in reference to this Project Agreement, is false or misleading in any material respect;
- (d) A petition is filed against the Governmental Unit under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 30 days after such filing, but the Authority and the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect their and the Bondholders' interests;
- (e) The Governmental Unit files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (f) The Governmental Unit admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Governmental Unit, or of any of its property, is appointed by court order or takes possession thereof, and such order remains in effect or such possession continues for more than 30 days, but the Authority and the Trustee shall have the right to

intervene in the proceedings prior to the expiration of such 30 day period to protect their and the Bondholders' interests;

(g) The Governmental Unit shall fail to observe and perform any of the covenants referred to in Section 2.2(g) or (h);

(h) Any material provision of the Project Agreement or the Note shall at any time for any reason cease to be valid and binding on the Governmental Unit, or shall be declared to be null and void, or the validity or enforceability of any thereof shall be contested by the Governmental Unit or any governmental agency or authority (other than the Authority), or if the Governmental Unit shall deny any further liability or obligation under this Project Agreement or the Note; or

(i) The Bank informs the Authority, the Loan Paying Agent and the Trustee that a default has occurred under the Credit Agreement and the Bank directs the Authority, the Loan Paying Agent and the Trustee in writing to accelerate the Note.

#### SECTION 6.2. Notice of Default.

The Governmental Unit agrees to give the Trustee and the Authority prompt written notice if any petition referred to in Section 6.1(d) or 6.1(e) is filed by or against the Governmental Unit or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

#### SECTION 6.3. Remedies on Default.

Whenever any Event of Default referred to in Section 6.1 hereof shall have happened and be continuing, the Authority or the Trustee, in addition to any other remedies provided herein or by law, have the right, at its or their option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Declare all Loan Payments and all other amounts due under the Note and hereunder to be immediately due and payable, and upon notice to the Governmental Unit the same shall become immediately due and payable by the Governmental Unit without further notice or demand, and the Trustee shall take such action as required under Article VIII of the Indenture with respect to the mandatory redemption of the Related CUSIP Bonds corresponding to the Note; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other rights of the Authority or the Trustee hereunder or under the Note.

So long as the Bank is not in default under the Letter of Credit, the Authority and the Trustee will undertake remedies hereunder only with the consent and at the written direction of the Bank; provided, however, that the Authority and the Trustee may undertake remedies hereunder (except for acceleration of the Loan Payments) without the consent of the Bank in order to enforce the Government Unit's tax covenants contained in Section 2.2(g) hereof.

**SECTION 6.4. Attorneys' Fees and Other Expenses.**

The Governmental Unit shall on demand pay to the Authority or the Trustee, as the case may be, the reasonable fees and expenses of attorneys and other reasonable fees and expenses incurred by any of them, in the collection of Loan Payments or any other sum past due hereunder or under the Note or the enforcement of performance of any other obligations of the Governmental Unit upon an Event of Default.

**SECTION 6.5. Application of Moneys.**

Any moneys collected by the Authority or the Trustee pursuant to Section 6.3 hereof shall be applied in the following order of priority: (a) first, to pay any fees and other expenses owed by the Governmental Unit pursuant to Section 6.4 hereof, (b) second, to pay interest then due on the Note, (c) third, to pay principal due on the Note, (d) fourth, to pay any other amounts due hereunder, and (e) fifth, to pay all other amounts payable hereunder or under the Note but which are not then due, as they become due.

**SECTION 6.6. No Remedy Exclusive; Waiver; Notice.**

No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article VI it shall not be necessary to give any notice, other than such notice as may be required in this Article VI.

**ARTICLE VII**

**Miscellaneous**

**SECTION 7.1. Notices.**

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by first class mail, postage prepaid, to the following parties at the following addresses:

Governmental Unit: County of York  
One West Marketway  
4<sup>th</sup> Floor  
York, Pennsylvania 17401  
Attn: Charles R. Noll, County Administrator

Authority: Emmaus General Authority  
Borough Hall  
Emmaus, Pennsylvania 18049

Trustee and Loan  
Paying Agent: Chase Manhattan Trust Company, National Association  
Corporate Trust Group  
One Liberty Place, 52nd Floor  
1650 Market Street, Ste. 5210  
Philadelphia, PA 19103

Program  
Administrator: Public Financial Management, Inc.  
2101 North Front Street  
Harrisburg, Pennsylvania 17110  
Attn: Marty Margolis

Any of the parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice given to the Program Administrator shall be deemed to constitute notice to the Authority; copies of all notices to the Authority, the Trustee, the Loan Paying Agent or the Governmental Unit shall also be delivered to the Program Administrator.

**SECTION 7.2. Binding Effect on Successors and Assigns; Third Party Beneficiaries.**

This Project Agreement shall inure to the benefit of and shall be binding upon the Authority, the Trustee and the Governmental Unit and their respective successors and assigns. The entities indemnified under Section 2.2(i) hereof shall be third party beneficiaries of this Project Agreement.

**SECTION 7.3. Severability.**

In the event any provision of this Project Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**SECTION 7.4. Amendments.**

This Project Agreement may be amended by the Authority and the Governmental Unit only in accordance with the provisions of Section 13.3 of the Indenture.

**SECTION 7.5. Counterparts.**

This Project Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**SECTION 7.6. Entire Understanding.**

This Project Agreement expresses the entire understanding and all agreements between the parties and may not be modified except in writing signed by the parties.

**SECTION 7.7. Right of Others to Cure.**

In the event the Governmental Unit shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the Authority may (but shall not be obligated to) remedy such default for the account of the Governmental Unit and make advances for that purpose. No such performance or advance shall operate to refinance the obligations of the Governmental Unit hereunder or to relieve the Governmental Unit from its duties hereunder or decrease such duties in any way or to any extent, including the Loan Payments, and any sums so advanced by the Authority shall bear interest, from the date of the advance until repaid to the party making such advance. Such advances shall be immediately due and payable by the Governmental Unit to the advancing party and shall bear interest at a rate equal to the rate on the Note plus 5% per annum. The Authority shall have the right to enter the facility or facilities of which the Project is a part in order to effectuate the purposes of this Section.

**SECTION 7.8. The Trust and the Associations.**

The Trust is a common law trust. The Trust and certain state associations of governmental units (the "Associations") have sponsored the Bond Pool Program. Neither the Trust nor the Associations are in any way guaranteeing or responsible for any obligations of the Authority, the Governmental Unit or any governmental unit under the Bonds, the Note or any other documents. The Governmental Unit expressly releases and exculpates the Trust and the Associations from any liability arising out of the Loan or the Bond Pool Program. The Governmental Unit has express notice of the limitation of liability of any shareholder, trustee, initial settlor, officer, employee or agent of the Trust as set forth in Article V of the Trust's Declaration of Trust and agrees that it will not seek satisfaction of any obligation from any shareholder, trustee, initial settlor, officer, employee or agent of the Trust, individually, or from the Trust's trust estate.

**SECTION 7.9. Broker's and Finder's Fees.**

The Governmental Unit represents and warrants that it has not dealt with or through any broker or other intermediary in connection with the Loan and agrees to indemnify, defend and hold the Authority, the Program Administrator, the Trustee, the Loan Paying Agent, the Remarketing Agent and the Trust harmless from and against any loss, liability or damage (including reasonable attorneys' fees and expenses) arising from any claim for a brokerage fee or finder's fee in connection with the Loan.

**SECTION 7.10. Trustee.**

The duties and obligations of the Trustee under this Project Agreement shall be subject to the standards of care and rights of the Trustee under the Indenture.

SECTION 7.11. Governing Law.

This Project Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

IN WITNESS WHEREOF, the Authority and the Governmental Unit have caused this Project Agreement to be executed in their respective corporate names by their duly authorized officers or agents all as of the date first above written.

(SEAL)

ATTEST:

EMMAUS GENERAL AUTHORITY

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman

(SEAL)

COUNTY OF YORK

ATTEST:

\_\_\_\_\_  
Chief Clerk

By: \_\_\_\_\_  
Member, Board of Commissioners

By: \_\_\_\_\_  
Member, Board of Commissioners

EXHIBIT A

(FORM OF NOTE)

UNITED STATES OF AMERICA  
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF YORK

GENERAL OBLIGATION NOTE,  
SERIES A OF 2000

(TAXABLE)

\$10,000,000

December 1, 2000

KNOW ALL MEN BY THESE PRESENTS, that the County of York, Pennsylvania (the "Governmental Unit"), for value received, hereby acknowledges itself to be indebted and promises to pay to the bearer hereof, on December 1, 2003, unless sooner called for redemption by the Governmental Unit, the principal sum of TEN MILLION DOLLARS (\$10,000,000), and to pay interest from December 1, 2000 on the unpaid principal amount hereof at a variable rate equal to the Weekly Rate (as defined below) plus fifty-five hundredths percent (.55%) per annum, provided however that in no event (except as provided below) shall interest be payable at an annual rate in excess of fifteen and fifty-five hundredths percent (15.55%) per annum. Interest on this Note shall be calculated on the basis of a 365- or 366-day year for the number of days actually elapsed. Interest on this Note shall be payable on the first Business Day (as defined in the hereinafter defined Project Agreement) of each month commencing January, 2001 (each an "Interest Payment Date") to and including December 1, 2003. Principal of and interest on this Note are payable in lawful money of the United States of America upon presentation of this Note at the corporate trust office of Chase Manhattan Trust Company, National Association, Philadelphia, Pennsylvania, as loan paying agent (the "Loan Paying Agent"); upon presentment hereof any such payments shall be noted by the Loan Paying Agent on a legend to be attached hereto.

This Note is a duly authorized note of the Governmental Unit designated as "General Obligation Note, Series A of 2000." This Note is issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended (the "Act"), and pursuant to an Ordinance of the Board of Commissioners of the Governmental Unit duly enacted on October 18, 2000 (the "Ordinance"). This Note is issued for the purpose of providing funds for and toward the costs of the capital projects described in the Resolution.

This Note may be prepaid at the option of the Governmental Unit upon 45 days prior written notice to the Loan Paying Agent as a whole or in part on any Interest Payment

Date in a minimum principal amount of \$1,000,000 and in principal increments of \$100,000 or integral multiples thereof in excess of \$1,000,000 at a price of 100% of the principal amount being prepaid plus accrued interest to the prepayment date.

Under the laws of the Commonwealth of Pennsylvania, this Note and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or to any other taxes not levied or assessed directly on this Note or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of this Note are subject to state and local taxes.

This Note is in bearer form and is transferable by the holder hereof, or by any subsequent holder, by delivery hereof. The Governmental Unit and the Loan Paying Agent may treat the bearer of this Note as the absolute owner of this Note for the purpose of receiving payment hereof and of interest due hereon and for all other purposes and neither the Governmental Unit nor the Loan Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, against any member, officer or employee, past, present or future, of the Governmental Unit or of any successor body, as such, either directly or through the Governmental Unit or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Note.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the Governmental Unit to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed, precedent to or in the issuance of this Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, together with all other indebtedness of the Governmental Unit, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the Governmental Unit has established a sinking fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Governmental Unit are hereby irrevocably pledged.

The Governmental Unit and the Emmaus General Authority (the "Authority") entered into a Project Agreement dated as of December 1, 2000 (the "Project Agreement"). The Authority has assigned certain of its rights under the Project Agreement to Chase Manhattan Trust Company, National Association, as successor trustee (the "Trustee") under a Trust Indenture dated as of March 1, 1989, as amended (the "Indenture"). The occurrence of

an Event of Default under the Project Agreement shall constitute an Event of Default hereunder, whereupon the Authority or the Trustee may accelerate all payments due hereunder and pursue any remedies under the Project Agreement or the Act. The provisions of the Project Agreement are incorporated herein by reference.

Pursuant to the Indenture, the Authority has issued its \$375,000,000 Local Government Revenue Bonds (Bond Pool Program), Series 1989 A, B, C, D, E, F, G and H (the "Bonds"). This Note is related to Subseries D-22 of the Bonds within the Series 1989 D (the "Subseries Bonds"). The "Weekly Rate" as used herein means the Weekly Rate (as defined in the Indenture) in effect from time to time on the Subseries Bonds.

Notwithstanding any other provision hereof, in the event that and for so long as any of the Subseries Bonds are Bank Bonds (as defined in the Indenture) and bear interest at the Credit Rate (as defined in the Ordinance), an equal principal amount of this Note shall bear interest at a rate equal to the Credit Rate plus fifty-five hundredths percent (0.55%) per annum, payable on the payment dates for such Bank Bonds; provided, that the principal hereof shall continue to be due and payable on December 1, 2003, and provided further that any amounts paid under the Governmental Unit's Credit Note of even date herewith in satisfaction of amounts due with respect to principal of or interest at the Credit Rate on the Bank Bonds shall be deemed to be a payment of like amounts hereunder with respect to such Bank Bonds.

Notwithstanding any other provision hereof, the Governmental Unit shall pay to the Loan Paying Agent in immediately available funds for deposit in the sinking fund established under the Ordinance (i) the amount of any payment of interest only hereunder on or prior to 11:00 a.m. on the date such payment is due to the holder hereof, and (ii) the amount of any payment of principal (and any interest due at the same time) hereunder on or prior to 11:00 a.m. on the Business Day (as defined in the Project Agreement) prior to the date such payment is due to the holder hereof (this includes any payment of principal, including prepayment or payment at maturity). Any failure to make such payment to the Loan Paying Agent in a timely manner shall constitute an Event of Default hereunder and under the Project Agreement.

This Note shall not be entitled to any benefit under the Ordinance nor be valid or become obligatory for any purpose until this Note shall have been authenticated by the Loan Paying Agent, by execution of the certificate endorsed hereon.

IN WITNESS WHEREOF, the County of York, Pennsylvania, has caused this Note to be signed in its name by the signature of two members of its Board of Commissioners and its corporate seal to be hereunto affixed and duly attested by the signature of the Chief Clerk of the Governmental Unit.

COUNTY OF YORK

By: \_\_\_\_\_  
Member, Board of Commissioners

By: \_\_\_\_\_  
Member, Board of Commissioners

(SEAL)  
Attest:

\_\_\_\_\_  
Chief Clerk

**AUTHENTICATION CERTIFICATE**

This Note is the County of York, General Obligation Note, Series A of 2000,  
described in the within-mentioned Ordinance.

**CHASE MANHATTAN TRUST COMPANY,  
NATIONAL ASSOCIATION, as  
Loan Paying Agent**

By: \_\_\_\_\_  
**Authorized Representative**

Date of Authentication: December 1, 2000

## EXHIBIT B

### DESCRIPTION OF PROJECTS

Proceeds of the Note will be used to provide funds for and toward: (1) planning, designing, acquiring, constructing, furnishing and equipping a new County judicial center; (2) planning, designing, acquiring constructing, furnishing and equipping additional buildings of facilities; or alterations, additions and renovations or improvements to existing buildings and facilities, or acquiring related land, fixtures, furnishings or equipment for County purposes; (3) capitalizing the interest on the Note; and (4) paying the remarketing costs.

ASSIGNMENT OF PROJECT AGREEMENT

Emmaus General Authority (the "Authority"), in confirmation of the assignment set forth in the granting clauses on pages 3-4 of the Trust Indenture dated as of March 1, 1989, as amended, between the Authority and Chase Manhattan Trust Company, National Association (successor trustee to Mellon Bank, N.A., which was successor trustee to CoreStates Bank, N.A., which was formerly known as The Philadelphia National Bank), as trustee (the "Trustee"), hereby assigns all right, title and interest of the Authority (except for the right to give and withhold consent, to the receipt of notices, to payment of fees and expenses and indemnification) in and to the foregoing Project Agreement dated as of December 1, 2000 between the Authority and the County of York, Pennsylvania to the Trustee as security for the Authority's Local Government Revenue Bonds (Bond Pool Program), Series 1989 D, Subseries D-22.

IN WITNESS WHEREOF, the Authority has caused this instrument to be executed by its duly authorized officers as of December 1, 2000.

(SEAL)

EMMAUS GENERAL AUTHORITY

Attest:

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman

ACCEPTED:

CHASE MANHATTAN TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer  
Name:  
Title:

Date: December 1, 2000

**EXHIBIT D**

**(FORM OF CREDIT AGREEMENT AND CREDIT NOTE)**

3

3

3

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**CREDIT AGREEMENT**  
among  
**COUNTY OF YORK,**

**KBC BANK N.V., NEW YORK BRANCH**

and

**CHASE MANHATTAN TRUST COMPANY, NATIONAL ASSOCIATION,**

as Loan Paying Agent and Trustee

Dated as of December 1, 2000

Relating to

County of York

\$10,247,727 General Obligation Note,

Series B of 2000

Due on or prior to January 1, 2009

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This CREDIT AGREEMENT dated as of December 1, 2000 (the "Agreement") among COUNTY OF YORK, a county of the Commonwealth of Pennsylvania (the "Governmental Unit"), KBC BANK N.V., NEW YORK BRANCH (the "Bank"), CHASE MANHATTAN TRUST COMPANY, NATIONAL ASSOCIATION, as successor trustee under the Indenture (defined below) (in such capacity, the "Trustee"), and CHASE MANHATTAN TRUST COMPANY, NATIONAL ASSOCIATION, as loan paying agent under the Note (defined below) (in such capacity, the "Loan Paying Agent"),

W I T N E S S E T H:

WHEREAS, the Emmaus General Authority (the "Authority") has issued \$375,000,000 aggregate principal amount of its Local Government Revenue Bonds (Bond Pool Program), Series 1989 A, B, C, D, E, F, G and H (collectively, the "Bonds"); and

WHEREAS, the Authority intends to lend \$10,000,000 (the "Loan") of the proceeds of the Series 1989 D Bonds, corresponding to \$10,000,000 aggregate principal amount of the Series 1989 D Bonds being remarketed as an Enhanced Subseries (as defined in the Indenture, hereinafter defined) on the date hereof, to the Governmental Unit on the date hereof; and

WHEREAS, the Enhanced Subseries (Subseries D-22) of the Series 1989 D Bonds corresponding to the Loan will be subject to mandatory purchase on December 1, 2003; and

WHEREAS, in order to provide the Loan Paying Agent with the funds necessary to pay the principal and interest on the Note on its maturity date in the event that the Governmental Unit is unable to refinance or discharge the Loan, the Governmental Unit has requested that the Bank enter into this Agreement; and

WHEREAS, the Governmental Unit has further requested that the Bank issue its Letter of Credit (hereinafter defined) which will be a Loan Credit Facility (as defined in the Indenture) for the Loan and a Loan Bond Liquidity Facility (as defined in the Indenture) for the Enhanced Subseries.

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

ARTICLE I  
DEFINITIONS

SECTION 1.1. Certain Defined Terms.

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Alternate Base Rate" means the higher of (i) the Base Rate and (ii) the Federal Funds Rate plus 0.5% per annum.

"Applicable Law" means all applicable provisions of all constitutions, statutes, rules, regulations and all orders, judgments and decrees of all governmental bodies, courts and arbitrators.

"Bank Loan Advance" means a loan made by the Bank to the Governmental Unit as described in Section 2.1(f) of this Agreement.

"Base Rate" means the per annum rate of interest publicly announced by the Bank from time to time as its "base rate." Each change in the Base Rate shall be effective for purposes of this Agreement on the date on which such change is announced. The Base Rate is not required to be the lowest rate of interest charged by the Bank.

"Bonds" means the Authority's Local Government Revenue Bonds (Bond Pool Program), Series 1989 A, B, C, D, E, F, G and H.

"Borrowing Base" means the Governmental Unit's borrowing base as determined pursuant to Section 8002(c) of the Pennsylvania Local Government Unit Debt Act, as amended.

"Borrowing Certificate" means a Bank Loan Advance Certificate of the Governmental Unit in substantially the form of Exhibit B hereto.

"Business Day" means any day, other than a day (a) on which banks located in the City of New York or the cities in which the principal office of any of the following: the Trustee, the Remarketing Agent, the Paying Agent, the Loan Paying Agent or the Bank is located are required or authorized by law to close, or (b) on which The New York Stock Exchange is closed.

"Commitment" and "Committed Amount" shall have the meanings assigned to those terms in Section 2.1(a) hereof.

**"Credit Advance"** shall mean an advance of moneys by the Bank pursuant to the Letter of Credit for the purpose described in Section 2.1(c) hereof.

**"Credit Note"** means a promissory note executed and delivered under this Agreement by the Governmental Unit to the Bank, in substantially the form attached hereto as Exhibit A, together with all extensions and renewals thereof.

**"Credit Rate"** means the Alternate Base Rate plus 1/2% for the first thirty (30) days after the relevant advance under the Credit Note, the Alternate Base Rate plus 1% for the next thirty (30) days thereafter, the Alternate Base Rate plus 1-1/2% for the next thirty (30) days thereafter, the Alternate Base Rate plus 2% thereafter, and, after the occurrence of an Event of Default under this Agreement, the Alternate Base Rate plus 3%, in each case calculated on the basis of actual number of days elapsed for a year of 360 days, such rate to change as and when such Alternate Base Rate changes, provided, however, that if at any time such Credit Rate shall exceed 20% per annum, for purposes of this Agreement the Credit Rate shall be deemed to be 20% per annum, provided, further however, that the Credit Rate may on any day exceed 20% per annum if the interest paid on the Credit Note from its date of original issuance to that day does not exceed the total interest which would have been permitted to have been paid on the Credit Note if the Credit Note had borne interest at all times from the date of issuance to that day at 20% per annum; provided, further, that if such amounts are insufficient to pay interest at the Credit Rate (without regard to such maximum rate), then the Credit Rate shall be adjusted, to recapture the amount of any such deficiency, during any subsequent period that the Credit Rate (without regard to this adjustment) may be lower than such maximum rate.

**"Default"** means any of the events specified in Section 8.1 hereof which with the passage of time or giving of notice or both would constitute an Event of Default.

**"Dollars"** and "\$" each means lawful currency of the United States of America.

**"Enhanced Subseries"** means those Bonds constituting the subseries designated Subseries D-22 related to the Loan, which subseries constitutes a portion of the Series 1989 D Bonds.

**"Event of Default"** has the meaning assigned to that term in Section 8.1 hereof.

**"Expiration Date"** means December 12, 2003.

**"Federal Funds Rate"** means, on any particular date, a rate of interest per annum equal to the interest rate (rounded upwards, if necessary, to the nearest 1/16 of 1%) offered in the interbank market to the Bank as the overnight Federal Funds Rate at or about 10:00 a.m., New York City time on such date (or if such day is not a Business Day, for the next preceding Business Day).



Remarketing Agreement and any other agreement or instrument relating to such documents and to the transactions contemplated hereby and thereby.

**"Remarketing Agent"** means, at any time, the Person serving in the capacity of Remarketing Agent under the Indenture with respect to the remarketing of the Enhanced Subseries of the Series 1989 D Bonds corresponding to the Loan.

**"Remarketing Agreement"** means the Remarketing Agreement between the Authority and the Remarketing Agent, as amended or supplemented from time to time.

**"Remarketing Circular"** means the Authority's Remarketing Circular, dated November 16, 2000, prepared in connection with the remarketing of the Enhanced Subseries, as amended and supplemented from time to time.

**"S&P"** means Standard & Poor's Ratings Services, A Division of The McGraw-Hill Companies, Inc. or any other rating agency designated by the Authority.

**"Series 1989 D Bonds"** means the Bonds included in Series 1989 D, which series includes the Enhanced Subseries.

#### **SECTION 1.2. Computation of Time Periods.**

In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

#### **SECTION 1.3. Accounting Terms.**

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted United States accounting principles consistently applied.

#### **SECTION 1.4. Terms Defined in Indenture.**

Any capitalized term not defined herein shall have the meaning ascribed to such term in the Indenture.

#### **SECTION 1.5. New York City Time Presumption.**

All references herein to times of the day shall be presumed to refer to New York City time.

## ARTICLE II

### THE LETTER OF CREDIT; PAYMENTS AND FEES

#### SECTION 2.1. The Letter of Credit.

(a) Committed Amount.

Subject to the terms and conditions and relying on the representations and warranties herein set forth, the Bank agrees (the "Commitment") to issue the Letter of Credit in the form attached hereto as Exhibit C in an amount not to exceed \$10,247,727, which amount consists of \$10,000,000 for the principal amount of the Note, plus accrued interest thereon for 44 days at the maximum rate of 20.55% (the outstanding amount of the Letter of Credit from time to time is referred to herein as the "Committed Amount").

(b) Termination of Letter of Credit.

The Governmental Unit, with the prior written consent of the Authority, may terminate the Letter of Credit on any Interest Payment Date from and after December 1, 2001 for any reason upon payment of the commitment fee due up to and including the termination date, but without payment of a termination fee. In addition, prior to December 1, 2001, the Governmental Unit, with the prior written consent of the Authority, may terminate the Letter of Credit on any Interest Payment Date upon payment of the commitment fee due up to and including the termination date, (i) for any reason upon payment of a termination fee equal to the lesser of (A) .10% of the outstanding Committed Amount, or (B) the amount which, when added to the commitment fee due up to and including the termination date and the commitment fees paid to date, equals one year's worth of such commitment fees, or (ii) with no termination fee if the ratings assigned by either Moody's or S&P to the long-term debt of the Bank are reduced below "Aa" and "AA," respectively (without regard to "+" or "-" or numerical distinction in such rating category), or the ratings assigned by either Moody's or S&P to the short-term debt of the Bank are reduced below the highest short-term rating category of each such rating agency.

(c) Credit Advances.

(i) The Loan Paying Agent will make draws under the Letter of Credit (in its status as the Loan Credit Facility), and the Bank will make corresponding Credit Advances under the Credit Note, sufficient to pay principal of and interest on the Note as the same shall become due and payable, including upon any acceleration, prepayment or redemption;

(ii) To the extent there is a Liquidity Advance outstanding at the time a Credit Advance with respect to principal is to be made, then the Credit Advance related to such principal and the accrued interest thereon will be deemed to be made without a draw on

the Letter of Credit and without an actual transfer of funds by the Bank. For purposes of calculating the Credit Rate, the "relevant advance under the Credit Note" in such case shall be the Liquidity Advance.

(d) Liquidity Advances.

The Paying Agent will make draws under the Letter of Credit (in its status as the Loan Bond Liquidity Facility), and the Bank will make corresponding Liquidity Advances under the Credit Note, sufficient to provide liquidity for tendered Bonds of the Enhanced Subseries.

(e) Advances under Credit Note.

A draw under the Letter of Credit (or a deemed advance as described in Section 2.1(c)(ii) above) shall constitute a loan hereunder to the Governmental Unit and an advance under the Credit Note. The Governmental Unit agrees to repay the Credit Note in accordance with its terms.

(f) Bank Loan Advance.

If (i) there exists no Event of Default (or event which, with time or notice or both, would be an Event of Default) hereunder on the maturity date of the Note and (ii) the representations and warranties of the Governmental Unit in Article V hereof are true and correct as of the maturity date of the Note as though given and made on such date, then the amount drawn under the Letter of Credit (or the amount deemed to be advanced as described in Section 2.1(c)(ii) above) to pay principal of and accrued interest on the Note at maturity thereof shall constitute a "Bank Loan Advance" under the Credit Note, provided that, at least two Business Days prior to such maturity date, the Governmental Unit informs the Bank and the Loan Paying Agent that the Governmental Unit will be unable to refinance or discharge the Note and the Credit Note on such maturity date. Such notice shall be in the form set forth in Exhibit B hereto. The Governmental Unit agrees to repay the Bank Loan Advance according to the terms of the Credit Note.

(g) Bank Bonds.

The Bank Bond Rate on Bank Bonds within the Enhanced Subseries shall be equal to the Credit Rate, and principal of and interest on the Bank Bonds shall be payable on the same dates as the corresponding payments with respect to a Liquidity Advance are payable under the Credit Note. A payment of principal or interest under the Credit Note with respect to a Liquidity Advance shall be deemed to be a payment of the corresponding amounts under the Bank Bonds. Similarly, a payment of principal or interest under the Bank Bonds shall be deemed to be a payment of the corresponding amounts under the Credit Note. If a designee holds Bank Bonds on behalf of the Bank, then upon reinstatement of any amount of the Letter of Credit, the Bank will notify in writing the designee of such reinstatement.

**SECTION 2.2. Fees; Payments.**

(a) The Governmental Unit will pay or cause to be paid to the Bank an ongoing commitment fee equal to .24% per annum of the Committed Amount, such fee to be adjusted from time to time as and when the Committed Amount changes. Such ongoing commitment fee shall be payable quarterly in arrears on the first Business Day of each March, June, September and December commencing March, 2001, and ending on the earlier of (i) the date by which the Letter of Credit is no longer outstanding, and (ii) the Expiration Date.

Notwithstanding anything to the contrary set forth herein, if the amounts paid by the Governmental Unit under the Note, after payment of the principal and interest due on the Subseries D-22 Bonds and of all other ongoing program expenses as determined by the Program Administrator, are sufficient to pay all or a portion of the commitment fee due to the Bank under this Section 2.2(a), and in fact such net amount shall have been applied to pay such portion of such commitment fee to the Bank, then such amount so paid shall satisfy the Governmental Unit's obligation to pay a like amount of such commitment fee.

The Governmental Unit shall also pay to the Bank on the date of any amendment to this Agreement, the Letter of Credit or any Related Document and upon request for the consent of the Bank to the taking of any action or the not taking of any action or the waiver or amendment of any action thereunder and upon the date of any transfer of the beneficiary of the Letter of Credit, a fee of \$1,000.

(b) If at any time after the date of this Agreement, as a result of any change in any Applicable Law or any interpretation thereof, including the enactment of any law or governmental rule, regulation or order (whether or not having the force of law), the cost to the Bank of issuing or maintaining the Letter of Credit or making the Bank Loan Advance hereunder shall be increased or the yield to the Bank on the Credit Note shall be diminished or the Bank's rate of return or the benefit to the Bank shall be decreased, then the Bank shall promptly notify the Governmental Unit, the Loan Paying Agent and the Program Administrator and after delivery of the certificate described below, the Governmental Unit shall pay an amount to the Bank in addition to the commitment fee computed as provided below and payable on the date specified by the Bank, which date shall be not less than ten (10) days following the request therefor. Interest shall accrue on any amounts not paid on the date specified by the Bank at the Alternate Base Rate plus 3% payable on demand. In determining the amount of such costs or reductions, the Bank will do so in a manner which is reasonable. The Bank will deliver to the Governmental Unit a certificate setting forth any amount due the Bank under this paragraph and the basis for computing such amount. Such certificate shall constitute prima facie evidence of the amount owing under this paragraph. If the Bank determines that it has received any payment from the Governmental Unit pursuant to this paragraph in excess of that due, the Bank will promptly refund the excess to the Governmental Unit.

(c) All payments to the Bank under this Agreement and all payments under the Credit Note shall be made in Dollars and in immediately available funds on the due date

thereof, to: KBC Bank N.V., ABA # 026-008-248, Reference: County of York, or at such other office or account of which the Bank shall have notified the Governmental Unit and the Loan Paying Agent, and shall be made without any set-off, counterclaim or deduction whatsoever.

### ARTICLE III

#### CONDITIONS PRECEDENT

##### SECTION 3.1. Conditions

(a) The Bank's obligations under this Agreement shall be subject to the condition that the Bank shall have received on or before the date hereof each of the following documents, in form and substance satisfactory to the Bank and its counsel:

(i) an executed copy (or duplicate thereof) of each of the Indenture, the Remarketing Agreement and such supporting documents as the Bank may reasonably request;

(ii) evidence that the Bonds of the Enhanced Subseries of the Series 1989 D Bonds corresponding to the Loan have received a short-term rating of at least SP-1/A-1 from S&P;

(iii) audited financial statements of the Governmental Unit for the three most recent fiscal years;

(iv) an executed copy of the Project Agreement, together with a photocopy of the Note;

(v) a certificate of the Secretary of the Governmental Unit (i) attaching a copy of the resolutions of the Board of the Governmental Unit approving this Agreement, the Credit Note and the Note and the matters contemplated hereby and (ii) as to the incumbency of the officers of the Governmental Unit authorized to execute and deliver this Agreement;

(vi) a certificate of an appropriate officer of the Governmental Unit as to the truth and correctness in all material respects of the matters contained in Section 5.1 hereof, and stating that to his best knowledge after due inquiry no Default or Event of Default has occurred or is continuing as of the date hereof in form and substance acceptable to the Bank;

(vii) a signed copy of an opinion of counsel to the Governmental Unit, addressed to the Bank, the Loan Paying Agent, the Trustee, the Authority and the Remarketing Agent, in form and substance acceptable to the Bank;

(viii) a signed copy of an opinion of Rhoads & Sinon LLP, Bond Counsel to the Governmental Unit, addressed to the Bank, in form and substance acceptable to the Bank;

(ix) a signed copy of an opinion of Saul Ewing LLP, Authority Bond Counsel, addressed to the Bank, in form and substance acceptable to the Bank;

(x) the executed Credit Note;

(xi) a copy of the Remarketing Circular;

(xii) evidence that the Department of Community and Economic Development has reviewed the proceedings filed in connection with the Note and the Credit Note and found that such proceedings are in conformity with the Act; and

(xiii) such other documents, instruments, approvals (and, if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank may reasonably request.

(b) On or before the date hereof, the Bank agrees to deliver to the Governmental Unit, the Loan Paying Agent, the Trustee, the Authority and the Remarketing Agent:

(i) a signed opinion of Hawkins, Delafield & Wood, United States counsel to the Bank, and a signed opinion of Belgian in-house counsel to KBC Bank N.V., each addressed to the Governmental Unit, the Loan Paying Agent, the Trustee, the Authority and the Remarketing Agent, as to the enforceability of this Agreement and the Letter of Credit and as to such other matters as the Governmental Unit, the Loan Paying Agent, the Trustee, the Authority or the Remarketing Agent may reasonably request; and

(ii) a certificate of an appropriate officer of the Bank with respect to such matters as the Governmental Unit, the Loan Paying Agent, the Trustee, the Authority or the Remarketing Agent may reasonably request.

#### ARTICLE IV

#### OBLIGATIONS ABSOLUTE

##### SECTION 4.1. Obligations Absolute.

The obligations of the Governmental Unit under this Agreement and under the Credit Note shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement and the Credit Note, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of the Enhanced Subseries of the Series 1989 D Bonds corresponding to the Loan or any other Related Document;

(b) any amendment or waiver of or any consent to departure from the terms of all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Governmental Unit may have at any time against the Bank, the Authority, the Trustee, the Loan Paying Agent, the Paying Agent, any Bondholder or any other Person, whether in connection with this Agreement, any of the Related Documents or any unrelated transaction; and

(d) any voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, proceeding for relief, assignment for benefit of creditors, reorganization, composition or readjustment of, or sale or other disposition of all or substantially all the assets of, or the marshaling of the assets and liabilities of, or any proceeding for accounting of, the Governmental Unit.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

#### SECTION 5.1. Representations and Warranties of the Governmental Unit.

The Governmental Unit represents and warrants to the Bank as follows:

(a) Organization; Power.

The Governmental Unit is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has the power and authority to carry on its activities as now being conducted.

(b) Authorization of Agreement, Credit Note, Note and Project Agreement.

The Governmental Unit has the power and has taken all necessary action to authorize the execution, delivery and performance of its obligations under this Agreement, the Credit Note, the Project Agreement and the Note in accordance with their respective terms. This Agreement, the Credit Note, the Project Agreement and the Note have been duly authorized, executed and delivered by the Governmental Unit and are legal, valid and binding obligations of the Governmental Unit enforceable against the Governmental Unit in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization or moratorium applicable to the Governmental Unit and general equitable principles regarding the availability of specific performance.

(c) Compliance of Agreement, Credit Note, Project Agreement and Note.

The execution, delivery and performance by the Governmental Unit of this Agreement, the Credit Note, the Project Agreement and the Note in accordance with their respective terms do not and will not (i) contravene any Applicable Law in effect on the date hereof, (ii) require any consent or approval of any creditor of the Governmental Unit or (iii) conflict with, result in a breach of or constitute a default under, or accelerate the performance required by, any contract or agreement to which the Governmental Unit is a party or by which it or any of its properties may be bound.

(d) Regulatory Approvals.

All authorizations and approvals, including Governmental Approvals, necessary for the Governmental Unit to enter into this Agreement, the Credit Note, the Project Agreement and the Note and to perform its obligations hereunder and thereunder have been obtained and remain in full force and effect and are subject to no further administrative or judicial review; provided, however, that no representation is made as to authorizations and approvals necessary under state securities laws or Federal or state banking laws.

(e) Compliance with Law.

The Governmental Unit is in compliance with all Applicable Law material to its performance hereunder and under the Credit Note, the Project Agreement and the Note.

(f) Litigation.

There are no actions, suits or proceedings pending nor, to the best knowledge of the Governmental Unit after due inquiry, are there any actions, suits or proceedings threatened against or affecting the Governmental Unit or any of its property in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, which may have a materially adverse effect on the Governmental Unit's ability to perform its obligations under this Agreement, the Credit Note, the Project Agreement or the Note or which in any way questions the validity or enforceability of this Agreement, the Credit Note, the Project Agreement or the Note or seeking to enjoin the issuance of the Note or the Credit Note or the execution and delivery of the Project Agreement or this Agreement.

(g) Legislation.

There is no legislation pending that, to the knowledge of the Governmental Unit, could affect the validity or enforceability of the Note, the Credit Note, the Credit Agreement or the Project Agreement. No legislation has been enacted which in any way adversely affects the issuance or delivery of the Note or the Credit Note or the execution and delivery of this Agreement, the Project Agreement, or the Related Documents to which it

is a party or the creation, organization or existence of the Governmental Unit or the titles to office of any officers thereof, or the power of the Governmental Unit to carry out its obligations under this Agreement, the Project Agreement, and any other Related Documents to which it is a party.

(h) Accuracy and Completeness of Other Information.

Any written information, reports and other papers and data furnished to the Bank by the Governmental Unit were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the Bank a true and accurate knowledge of the subject matter thereof. No fact is known to the Governmental Unit which has had or in the reasonable judgment of the Governmental Unit may in the future have a materially adverse effect on the ability of the Governmental Unit to perform its obligations under this Agreement, the Credit Note, the Project Agreement or the Note, which has not been set forth in any such information, reports or other papers or data or otherwise disclosed in writing to the Bank prior to the date hereof.

(i) No Usury.

The obligations of the Governmental Unit under this Agreement, the Credit Note, the Project Agreement and the Note do not violate any law, rule or regulation of the Commonwealth of Pennsylvania prescribing a maximum rate of interest.

(j) General Obligation.

The obligations of the Governmental Unit under the Credit Note and the Note are general obligations of the Governmental Unit secured by the Governmental Unit's full faith and credit and taxing power, including, without limitation, its unlimited *ad valorem* taxing power. The Note and the Credit Note rank at least equally with all other full faith and credit obligations of the Governmental Unit and no other general obligation of the Governmental Unit, heretofore or hereafter issued, has or will have priority in payment over the Note or the Credit Note.

(k) No Action Necessary to Refinance Note and Credit Note.

Pursuant to Section 8244 of the Pennsylvania Local Government Unit Debt Act, as amended, no voter approval is required to issue bonds or other indebtedness to refinance the Note or Credit Note.

(l) No Default.

The Governmental Unit is not in payment default on any indebtedness or guarantees nor is it in any other material default under any such indebtedness or guarantees.

(m) Incorporation of Representations and Warranties by Reference.

The Governmental Unit hereby makes to the Bank the same representations and warranties made by the Governmental Unit in each Related Document, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank.

(n) No Sovereign Immunity.

The defense of sovereign immunity is not available to the Governmental Unit in any proceedings by the Bank to enforce any reimbursement obligations under this Agreement or any other Related Documents.

SECTION 5.2. Survival of Representations and Warranties, Etc.

All representations and warranties made by the Governmental Unit in any certificate, financial statement or other instrument delivered pursuant to or in connection with this Agreement shall constitute representations and warranties made under this Agreement. All representations and warranties under this Agreement shall survive the execution and delivery of this Agreement, any investigation by the Bank and the advance of any amount under the Credit Note, provided that nothing in this Section 5.2 shall be deemed to mean that such representations and warranties are continuously repeated after the date hereof.

ARTICLE VI

AFFIRMATIVE COVENANTS

SECTION 6.1. Affirmative Covenants of Governmental Unit.

From the date hereof until the termination of this Agreement and payment in full of all amounts payable by the Governmental Unit hereunder and under the Note or the Credit Note, the Governmental Unit shall:

(a) Maintenance of Existence.

Preserve and maintain its existence.

(b) Inspection of Books.

Permit representatives of the Bank, from time to time, as often as may be reasonably requested, to (i) inspect its books and records and make copies and take extracts

from such books and records which relate to transactions contemplated by the Project Agreement and its performance under this Agreement and (ii) discuss with its officers and accountants its activities, assets, liabilities, financial condition, and results of operations.

(c) Reporting Requirements.

Furnish or cause to be furnished to the Bank (i) as soon as possible, and in any event, within five days after the occurrence of any Event of Default or each event which, with the giving of notice or elapse of time, or both, would constitute an Event of Default, a statement of an officer of the Governmental Unit setting forth details of such Event of Default or event and the action which the Governmental Unit proposes to take with respect thereto; (ii) promptly after the commencement thereof, and in any event, within five Business Days after the filing thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Governmental Unit or any of its properties directly or contingently, which, if determined adversely to the Governmental Unit would have a material adverse effect on the financial condition, properties or operations of the Governmental Unit; (iii) promptly after the furnishing thereof, copies of the annual financial statements of the Governmental Unit; and (iv) a copy of the annual budget of the Governmental Unit promptly after adoption in each year by the Governmental Unit.

(d) Insurance.

Maintain prudent insurance coverage on the Project and all other facilities owned by the Governmental Unit.

(e) Notice of Default.

Give prompt notice (within 5 days) to the Bank and the Loan Paying Agent of (i) the occurrence of a Default or an Event of Default of which the Governmental Unit is aware or reasonably should be aware and (ii) the occurrence of any default under the Project Agreement of which the Governmental Unit has actual knowledge.

(f) Notice of Litigation, Etc.

Give prompt notice in writing to the Bank of any litigation or administrative proceeding (whether before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign) which may have a materially adverse effect on the ability of the Governmental Unit to perform its obligations pursuant to this Agreement, the Credit Note, the Project Agreement or the Note.

(g) Compliance with Laws, Etc.

Comply with the requirements of all Applicable Laws, noncompliance with which would, singly or in the aggregate, have a materially adverse effect on the ability of

the Governmental Unit to perform its obligations pursuant to this Agreement, the Credit Note, the Project Agreement or the Note.

(h) Maintenance of Approvals, Filings and Registrations.

At all times maintain and cause to be maintained in effect, renew and comply with all the terms and conditions, of all Governmental Approvals as may be necessary or appropriate under any Applicable Law for the performance by the Governmental Unit of this Agreement, the Credit Note, the Project Agreement and the Note and to make its obligations hereunder and thereunder legal, valid, binding and enforceable.

(i) Further Assurance.

Execute and deliver to the Bank all such documents and instruments and do all such other acts and things as may be reasonably requested by the Bank to exercise and enforce its rights under this Agreement, the Credit Note, the Project Agreement or the Note.

(j) Refinancing of Note.

(i) Use its best efforts to refinance the entire indebtedness evidenced by the Note on or before December 1, 2003, and (ii) in the event the Note is not so refinanced and is paid from an advance by the Bank under the Credit Note, use its best efforts to refinance the Credit Note as soon as possible thereafter and immediately apply the proceeds of such refinancing to the repayment of the Note or Credit Note, as the case may be. No later than November 1, 2003, the Governmental Unit will notify the Bank, the Loan Paying Agent and the Program Administrator in writing whether or not it believes that it will be able to refinance the Note on or before December 1, 2003. The Governmental Unit will not amend or repeal any actions taken prior to the date hereof with respect to refinancing the Note or the Credit Note.

(k) Compliance with Documents.

Perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety, all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against the Governmental Unit. To the extent that any such incorporated provision permits the Governmental Unit, the Trustee or the holder of the Note to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Governmental Unit, the Trustee or the holder of the Note, for purposes of this Agreement, compliance with such provision shall be waived only if it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the Bank's written approval of the

same. No termination or amendment to such covenants and agreements or defined terms or release of the Governmental Unit with respect thereto made pursuant to the Related Documents shall be effective to terminate or amend such covenants and agreements and defined terms or release of the Governmental Unit with respect thereto as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of any such Related Document, the Governmental Unit shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

(l) Payments by the Governmental Unit.

Provide in its budget and appropriate from its general fund revenues in each fiscal year an amount equal to the amount of debt service which will be coming due in such fiscal year. The Governmental Unit agrees to pay punctually from its funds and revenues the principal of and interest on the Credit Note on the stated maturity or interest payment dates.

(m) Investments by the Governmental Unit.

Hold, or cause to be held, all unexpended Note proceeds (and Enhanced Subseries proceeds) in an account to be invested exclusively in the Pennsylvania Local Government Investment Trust, pending withdrawal from such account, as necessary from time to time, to pay costs of the Project.

## ARTICLE VII

### NEGATIVE COVENANTS

#### SECTION 7.1. Negative Covenants of Governmental Unit.

From the date hereof until the termination of this Agreement and payment in full of all amounts payable by the Governmental Unit hereunder and under the Project Agreement, the Note or the Credit Note, the Governmental Unit shall not, directly or indirectly:

(a) Amendments.

Amend or consent to any amendment or waiver of any provision of the Project Agreement, the Credit Note, or the Note or consent to any amendment or waiver of any provision of the Indenture or the Enhanced Subseries without the written consent of the Bank.

(b) Substitute Trustee, Paying Agent, Loan Paying Agent or Remarketing Agent.

Remove the Trustee, Loan Paying Agent, Paying Agent or Remarketing Agent or select a replacement therefor without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

## ARTICLE VIII

### EVENTS OF DEFAULT

#### SECTION 8.1. Events of Default

Each of the following shall constitute an "Event of Default", unless waived by the Bank in writing, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of the Governmental Unit, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or non-governmental body:

- (a) the Governmental Unit shall fail to pay when due any interest or principal amount payable by it on the Credit Note; or
- (b) any proceeding shall be instituted by the Governmental Unit seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors; or the Governmental Unit shall take any action to authorize any of the actions set forth above in this subsection (b); or
- (c) this Agreement, the Credit Note, the Project Agreement, the Note or the Governmental Unit's obligations hereunder or thereunder shall be held to be invalid for any reason by a final, nonappealable order of a court of competent jurisdiction; or
- (d) any representation or warranty made by the Governmental Unit in Article V hereof or in any certificate or other document delivered pursuant hereto shall prove to have been incorrect or misleading in any material respect when made or shall be breached; or
- (e) the Governmental Unit shall fail to pay any fees or other amounts payable under Article II hereof when due, or shall fail to pay any other amount payable hereunder within five days of the date when due; or
- (f) the Governmental Unit shall fail to perform or observe any other term or covenant contained in this Agreement, and such failure shall remain unremedied for 30 days after receipt of written notice thereof given by the Bank, provided that, no such 30-day remedy

period shall apply to any failure to perform or observe the covenants contained in Sections 6.1(e) or 7.1(a) hereof; or

(g) the validity or enforceability of this Agreement, the Project Agreement, the Credit Note or the Note shall be contested by the Governmental Unit; or a proceeding shall be commenced by the Governmental Unit seeking to establish the invalidity or unenforceability thereof; or a proceeding shall be commenced by any Person, other than the Governmental Unit, seeking to restrain or enjoin any payment by the Governmental Unit thereunder, and such proceeding shall remain undismissed or unstayed for a period of 30 days; or

(h) any "Event of Default" under and as defined in Section 6.1 of the Project Agreement shall have occurred and be continuing; or

(i) the Governmental Unit shall fail to pay when due (whether at scheduled maturity, on required prepayment or acceleration or otherwise) any principal or premium of or interest on any indebtedness for borrowed money (other than indebtedness owing under the Note) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or any other default under any agreement or instrument relating to any such indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such indebtedness; or

(j) the Governmental Unit shall be dissolved or it shall otherwise cease to exist.

#### **SECTION 8.2. Effect of Occurrence of an Event of Default**

(a) Upon the occurrence of an Event of Default the Bank may pursue any remedy available at law or in equity to enforce the obligations of the Governmental Unit hereunder and under the Related Documents, including the acceleration of the Credit Note and all other amounts due and owing hereunder. Not in limitation of the foregoing, upon the occurrence of an Event of Default under Section 8.1(b), all accrued fees and other amounts evidenced hereby and by the Credit Note shall be forthwith due and payable without demand, presentment, protest or other notice whatsoever, all of which are expressly waived by the Governmental Unit.

(b) The occurrence of an Event of Default hereunder shall not affect the Bank's obligations to honor its Letter of Credit.

#### **SECTION 8.3. Default Interest**

If the Governmental Unit shall fail to pay when due any amount owing to the Bank under this Agreement or the Credit Note, then to the extent permitted by law the Governmental Unit will pay to the Bank on demand interest on the amount in default from the

date such payment became due until payment in full at a rate equal to the sum of the Alternate Base Rate plus 3% per annum, such rate to change as and when such Alternate Base Rate changes.

## ARTICLE IX

### MISCELLANEOUS

#### SECTION 9.1. Notices.

Except as otherwise provided herein or in the Letter of Credit, all notices, consents and other communications provided for hereunder shall:

- (a) be in writing (which shall include communications by telex, telegram or telecopy);
- (b) be (i) sent by registered or certified mail, postage prepaid, return receipt requested, or by prepaid telex, telegram or telecopy, or (ii) delivered by hand;
- (c) be addressed to such Person at the following respective addresses and telex or telecopy numbers:

- (i) If to the Governmental Unit, to:

County of York  
One West Marketway  
4th Floor  
York, PA 17401  
Attn: Charles R. Noll, County Administrator  
Fax: (717) 771-9804

- (ii) If to the Loan Paying Agent, to:

Chase Manhattan Trust Company, National Association  
Corporate Trust Group  
One Liberty Place, 52nd Floor  
1650 Market Street, 5210  
Philadelphia, PA 19103  
Fax: (215) 972-8372

(iii) If to the Bank, to:

KBC Bank N.V.  
New York Branch  
125 West 55th Street  
New York, New York 10019  
Attention: Loan Administration  
Telephone: (212) 541-0657  
Telecopy: (212) 956-5580

With a copy to:

Mr. S. Kurtz Barkley, III  
Vice President and Manager, Public Finance  
Telephone: (212) 541-0726  
Telecopy: (212) 956-5580

(iv) if to the Trustee or the Program Administrator at the addresses specified in the Indenture, or

(v) in any of the foregoing cases, at such other address, telex or telecopy number as the addressee may hereafter specify for such purpose in a notice to the other parties hereto specifically captioned "Notice of Change of Address Pursuant to Section 9.1"; and

(d) be effective (i) if given by mail, on the fifth Business Day after such communication is deposited in the mail, addressed as provided above, (ii) if given by telex or telecopy, when such communication is transmitted to the appropriate number determined as above provided in this Section 9.1 and the appropriate answerback is received or receipt is otherwise acknowledged, and (iii) if given by hand delivery or sent by telegram, when delivered to the addressee at the address determined as provided in this Section 9.1, except that any notice to the Bank under Section 2.1(f) hereof shall not be effective until actually received.

#### **SECTION 9.2. Waivers; Amendments.**

Any term, covenant, agreement or condition of this Agreement may be amended or waived, and any departure therefrom may be consented to, if, but only if, such amendment, waiver or consent is in writing and is signed by all the parties hereto and will not, if the Enhanced Subseries of the Series 1989 D Bonds corresponding to the Loan are then outstanding, adversely affect the rating by S&P of such Bonds, as shall be confirmed to the satisfaction of the parties by S&P; provided, however, that the Bank alone may waive an Event of Default without a waiver by other parties hereto. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in a specific instance and for the specific purpose for which given.

**SECTION 9.3. Rights Cumulative.**

The rights and remedies of the parties under this Agreement shall be cumulative and not exclusive of any rights or remedies which they would otherwise have, and no failure or delay by the parties in exercising any right or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any remedy or right preclude its other or further exercise or the exercise of any other remedy or right.

**SECTION 9.4. Continuing Obligation.**

This Agreement is a continuing obligation and shall (a) be binding upon the parties and their successors and assigns, and (b) inure to the benefit of and be enforceable by the parties hereto and their successors, transferees and assigns; provided that except as otherwise permitted by this Agreement, the Governmental Unit may not assign all or any part of this Agreement without the prior written consent of the Bank and prior notice to the Trustee, the Loan Paying Agent and the Program Administrator. The Bank may assign to any financial institution all or any part of, or any interest (undivided or divided) in, the Bank's rights and benefits, but not its duties, under this Agreement, and to the extent of that assignment such assignee shall have the same rights and benefits hereunder that it would have had if such assignee were the Bank hereunder. In addition, the Bank may grant participations to any financial institution (each, a "Participant") in all or any part of, or any interest (divided or undivided) in, the Bank's rights and benefits under this Agreement and the Credit Note, provided that no such participation shall increase, decrease or otherwise affect the Governmental Unit's obligations under this Agreement.

**SECTION 9.5. Dealings with the Governmental Unit.**

The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the Governmental Unit regardless of the capacity of the Bank hereunder.

**SECTION 9.6. Costs, Expenses and Taxes.**

The Governmental Unit agrees to pay (i) on demand, all reasonable costs and expenses of the Bank in connection with the negotiation, preparation, execution and delivery of this Agreement and any other documents which may be delivered in connection with this Agreement (including, without limitation, reasonable fees and disbursements of counsel), (ii) on demand, all costs and expenses incurred by the Bank (including counsel fees and expenses), in connection with any amendment, waiver or enforcement against the Governmental Unit of this Agreement, the Related Documents and any other documents which may be delivered in connection with this Agreement, and (iii) on demand, to the extent permitted by Applicable Law, all additional costs (other than those covered by items (i) and (ii) above) which the Bank may reasonably incur by reason of or in connection with this Agreement. Without prejudice to the survival of any other obligation of the Governmental Unit hereunder, the obligations of the

Governmental Unit contained in this Section 9.6 shall survive the payment in full of other amounts payable hereunder and the termination of the Commitment and the Letter of Credit.

**SECTION 9.7. Termination.**

The rights and obligations of the parties hereunder shall continue until the later of (i) the Expiration Date, and (ii) the indefeasible payment of all amounts due hereunder and under the Credit Note.

**SECTION 9.8. Right of Set-off.**

Upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Governmental Unit against any and all of the obligations of the Governmental Unit now or hereafter existing under this Agreement or the Credit Note, irrespective of whether or not the Bank shall have made any demand hereunder and although such obligations may be contingent or unmatured.

**SECTION 9.9. Indemnification.**

To the extent permitted by law, the Governmental Unit hereby indemnifies and holds the Bank, the Trustee and the Loan Paying Agent, and any of their directors, officers and employees, harmless from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever which the Bank, the Trustee and the Loan Paying Agent, and such directors, officers, and employees may incur (or which may be claimed against the Bank, the Trustee and the Loan Paying Agent, and such directors, officers, and employees by any person or entity whatsoever) by reason of or in connection with (a) any inaccuracy or alleged inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact, contained in the Remarketing Circular (in final form) with respect to the Governmental Unit or the Project, or by reason of the omission or alleged omission to state therein a material fact necessary to make the statements contained in the Remarketing Circular (in final form) with respect to the Governmental Unit or the Project, in the light of the circumstances under which they were made, not misleading (except to the extent resulting from gross negligence or willful misconduct by the Bank, the Trustee or the Loan Paying Agent), or (b) the execution and delivery, or transfer of, or payment or failure to pay under, the Letter of Credit, or the making of any Liquidity Advance or Credit Advance; provided that the Governmental Unit shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the Bank in determining whether a sight draft or certificate presented under the Letter of Credit complied with the terms of the Letter of Credit, (ii) the Bank's willful failure or gross negligence in failing to pay under the Letter of Credit after the presentation to it by the Trustee, the Loan Paying Agent or the Paying Agent (or a successor to whom the Letter of Credit has been transferred in accordance

with its terms) of a sight draft and certificate strictly complying with the terms and conditions of the Letter of Credit, (iii) the willful misconduct or gross negligence of the Bank in determining whether a borrowing certificate presented by the Loan Paying Agent in connection with a request for a Credit Advance complied with the terms of this Agreement, or (iv) the Bank's willful failure or gross negligence in failing to make a Credit Advance after receiving a borrowing certificate from the Loan Paying Agent complying with the terms and conditions of this Agreement.

#### SECTION 9.10. Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and the remaining portion of such provision and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent.

#### SECTION 9.11. Governing Law.

Actions and obligations of the Governmental Unit under this Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania. Actions and obligations of the Governmental Unit under the Credit Note shall be governed by the laws of the Commonwealth of Pennsylvania. Actions and obligations of the Bank under the Agreement and Credit Note shall be subject to the laws of the State of New York. If any suit is instituted by the Governmental Unit or the Loan Paying Agent to enforce this Agreement or the Letter of Credit, as appropriate, the Bank hereby submits to the non-exclusive jurisdiction of and to the laying of venue in State and Federal courts located in York County, Commonwealth of Pennsylvania. The Bank hereby irrevocably authorizes service of process to be made upon it by mail at the address given in Section 9.1, in any action which may be instituted against it arising out of or relating to this Agreement or the Letter of Credit.

#### SECTION 9.12. Participation of Credit Agreement.

The Governmental Unit agrees that the Bank may sell and transfer interests and participations in and to the obligations and rights of the Bank under this Agreement to one or more Participants. In no event, however, shall any such participation require the Governmental Unit, the Paying Agent, the Loan Paying Agent, the Trustee or, the Remarketing Agent to deal with any Participant. Any such participation shall not affect the obligation of the Bank under this Agreement or the Letter of Credit or the applicability of the Credit Rate to the Credit Note purchased pursuant to this Agreement, which Credit Rate shall remain in full force and effect in accordance with the terms and conditions of this Agreement. In the event that any such participation increases the cost to the Bank of maintaining this Agreement, the Bank shall assume such increased costs, and the Governmental Unit shall have no obligation to pay such increased costs to the Bank.

**SECTION 9.13. Headings.**

Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**SECTION 9.14. Counterparts.**

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be deemed to be an original.

**SECTION 9.15. Business Days.**

If any payment under this Agreement shall be specified to be made on a day which is not a Business Day, it shall be made on the next following day which is a Business Day.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or caused it to be executed and delivered by their duly authorized officers, all as of the day and year first above written.

ATTEST:

COUNTY OF YORK

\_\_\_\_\_  
Chief Clerk

By: \_\_\_\_\_  
Member, Board of Commissioners

By: \_\_\_\_\_  
Member, Board of Commissioners

KBC BANK N.V.,  
Acting through its New York Branch,  
as Agent

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

ATTEST:

CHASE MANHATTAN TRUST COMPANY,  
NATIONAL ASSOCIATION,  
as Trustee and Loan Paying Agent

\_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**(FORM OF CREDIT NOTE)**

**UNITED STATES OF AMERICA  
COMMONWEALTH OF PENNSYLVANIA**

**COUNTY OF YORK**

**GENERAL OBLIGATION NOTE, SERIES B OF 2000**

**(TAXABLE)**

**\$10,247,727**

**December 1, 2000**

**FOR VALUE RECEIVED, the undersigned County of York, a county in the Commonwealth of Pennsylvania (the "Governmental Unit"), hereby promises to pay to the bearer hereof the maximum principal sum of Ten Million Two Hundred Forty-Seven Thousand Seven Hundred Twenty-Seven Dollars (\$10,247,727), or such lesser amount as shall have been advanced by the Bank (hereinafter defined) pursuant to the Credit Agreement (hereinafter defined), together with interest on the unpaid principal balance hereof from time to time outstanding from the date hereof payable at the times and at the rate per annum hereinafter provided. This Credit Note evidences the obligation of the Governmental Unit to repay Credit Advances, Liquidity Advances and Bank Loan Advances (as such terms are defined by the Credit Agreement) made by KBC Bank N.V., New York Branch, to the Governmental Unit pursuant to a Credit Agreement (the "Credit Agreement"), dated as of December 1, 2000, among the Governmental Unit, KBC Bank N.V., New York Branch (the "Bank") and Chase Manhattan Trust Company, National Association, as Loan Paying Agent and successor Trustee.**

**Interest on this Credit Note shall be payable on the first business day of each month, commencing with the month following the date that any advance is made by the Bank under this Credit Note and the Credit Agreement, and continuing for each month thereafter until all amounts have been paid hereunder, at an annual Credit Rate equal to the Alternate Base Rate (as defined in the Credit Agreement) plus 1/2% for the first 30 days after such advance, the Alternate Base Rate plus 1% for the next 30 days thereafter, the Alternate Base Rate plus 1 1/2% for the next 30 days thereafter and the Alternate Base Rate plus 2% thereafter, and, after the occurrence of an Event of Default under the Credit Agreement, at the Alternate Base Rate plus 3%, such rate to change as and when such Alternate Base Rate changes, provided, however, that if at any time such Credit Rate shall exceed 20% per annum the Credit Rate shall be deemed to be 20% per annum, provided, further however, that the Credit Rate may on any day exceed 20% per annum if the interest paid on the Credit Note**

from its date of original issuance to that day does not exceed the total interest which would have been permitted to have been paid on the Credit Note if the Credit Note had borne interest at all times from the date of issuance to that day at 20% per annum; provided, further, that if such amounts are insufficient to pay interest at the Credit Rate (without regard to such maximum rate), then the Credit Rate shall be adjusted, to recapture the amount of any such deficiency, during any subsequent period that the Credit Rate (without regard to this adjustment) may be lower than such maximum rate. All interest under this Credit Note shall be paid on the basis of the actual number of days elapsed in a year of 360 days.

The principal of this Credit Note related to a Bank Loan Advance shall be payable in installments on the dates and in the amounts set forth in Exhibit A hereto. With respect to a Credit Advance (other than a Bank Loan Advance), the Governmental Unit shall immediately repay the Bank an amount equal to such advance on the date of such advance. The principal of this Credit Note related to a Liquidity Advance shall be payable on the earlier of: (i) the date of remarketing of the Bank Bonds (as defined in the Indenture, defined in the Ordinance referred to below) the purchase price of which was paid with such Liquidity Advance; or (ii) December 1, 2003. A Credit Advance may be applied to repay a Liquidity Advance hereunder without an actual transfer of funds. For purposes of calculating the Credit Rate hereunder, "such advance" in such case shall mean the Liquidity Advance.

This Credit Note is subject to prepayment at any time and from time to time, in whole or in part, at a price equal to 100% of the principal amount prepaid plus accrued interest to the date of prepayment, upon not less than two Business Day's prior written notice.

Principal of and interest on this Credit Note are payable in lawful money of the United States of America upon presentation of this Note at the corporate trust office of Chase Manhattan Trust Company, National Association, in Philadelphia, Pennsylvania, as loan paying agent (the "Loan Paying Agent"), or, at the request and expense of the Bank, by wire of federal funds directly to the Bank; upon presentment hereof any such payments shall be noted by the Loan Paying Agent on its records.

This Credit Note is a duly authorized note of the Governmental Unit designated as "General Obligation Note, Series B of 2000." This Credit Note is issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended (the "Act"), and pursuant to an ordinance of the Board of Commissioners of the Governmental Unit duly enacted on October 18, 2000 (the "Ordinance").

Under the laws of the Commonwealth of Pennsylvania, this Credit Note and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or to any other taxes not levied or assessed directly on this Credit Note or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of this Credit Note are subject to state and local taxation.

This Credit Note is in bearer form and is transferable by the holder hereof, or by any subsequent holder, by delivery hereof. The Governmental Unit and the Loan Paying Agent may treat the bearer of this Credit Note as the absolute owner of this Credit Note for the purpose of receiving payment hereof and of interest due hereon and for all other purposes and neither the Governmental Unit nor the Loan Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Credit Note, or for any claim based hereon, against any member, officer or employee, past, present or future, of the Governmental Unit or of any successor body, as such, either directly or through the Governmental Unit or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Credit Note.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the Governmental Unit to issue and deliver this Credit Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed, precedent to or in the issuance of this Credit Note or in the creation of the debt of which this Credit Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Credit Note, together with all other indebtedness of the Governmental Unit, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the Governmental Unit has established a sinking fund for this Credit Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Credit Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Credit Note, the full faith, credit and taxing power of the Governmental Unit are hereby irrevocably pledged.

This Credit Note shall not be entitled to any benefit under the Ordinance nor be valid or become obligatory for any purpose until this Credit Note shall have been authenticated by the Loan Paying Agent, by execution of the certificate endorsed hereon.

IN WITNESS WHEREOF, County of York, Pennsylvania, has caused this Credit Note to be signed in its name by the signature of two members of the Board of Commissioners and its corporate seal to be hereunto affixed and duly attested by the signature of the Chief Clerk of the Governmental Unit.

(SEAL)

COUNTY OF YORK

Attest:

\_\_\_\_\_  
Chief Clerk

By: \_\_\_\_\_  
Member, Board of Commissioners

By: \_\_\_\_\_  
Member, Board of Commissioners

**CERTIFICATE OF AUTHENTICATION**

This Credit Note is the County of York, General Obligation Note, Series B of 2000, described in the within mentioned Ordinance.

**CHASE MANHATTAN TRUST COMPANY,  
NATIONAL ASSOCIATION,  
Loan Paying Agent**

By: \_\_\_\_\_  
Authorized Signer

Date of Authentication: December 1, 2000

## EXHIBIT A TO CREDIT NOTE

	<u>Installment of Principal on the Credit Note</u>	<u>Amount (\$)<sup>1</sup></u>
1.	1/1/04	\$ 465,000
2.	7/1/04	475,000
3.	1/1/05	545,000
4.	7/1/05	610,000
5.	1/1/06	675,000
6.	7/1/06	745,000
7.	1/1/07	855,000
8.	7/1/07	895,000
9.	1/1/08	1,075,000
10.	7/1/08	1,085,000
11.	1/1/09	2,822,727

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<sup>1</sup> Assumes full \$10,247,727 is advanced under Credit Note. If lesser amount is advanced, each of the above principal payments is decreased proportionately in amount.

**EXHIBIT B**

to Credit Agreement

**BANK LOAN ADVANCE CERTIFICATE**

The undersigned, members of the Board of Commissioners of the County of York (the "Governmental Unit"), hereby certify to KBC Bank N.V., New York Branch (the "Bank") and Chase Manhattan Trust Company, National Association, as the Trustee and the Loan Paying Agent, pursuant to Section 2.1(f) of the Credit Agreement dated as of December 1, 2000 (the "Credit Agreement") as follows:

1. The terms used herein shall have the meanings assigned to them in the Credit Agreement.
2. No Event of Default (or event which, with time or notice or both, would be an Event of Default) currently exists under the Credit Agreement.
3. The representations and warranties of the Governmental Unit in Article V of the Credit Agreement are true and correct as of the date hereof as though given and made on this date.
4. The Governmental Unit will be unable to refinance or discharge the Note and the Credit Note on the maturity date of the Note, and the Governmental Unit therefore gives this notice in order that the payment by the Bank under the Letter of Credit in connection with the maturity of the Note shall constitute a Bank Loan Advance under the Credit Agreement and the Credit Note.
5. The Governmental Unit agrees to repay the Bank Loan Advance according to the terms of the Credit Note.

WITNESS the due execution hereof this \_\_\_ day of \_\_\_\_\_, 20\_\_.

COUNTY OF YORK

By: \_\_\_\_\_  
Member, Board of Commissioners

By: \_\_\_\_\_  
Member, Board of Commissioners

EXHIBIT C  
to Credit Agreement

FORM OF LETTER OF CREDIT

See Tab 20.