

COUNTY OF YORK, PENNSYLVANIA

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ORDINANCE NO. 2005-04

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OF THE BOARD OF COUNTY COMMISSIONERS OF THIS COUNTY AUTHORIZING AND APPROVING A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT (AN INTEREST RATE SWAP AGREEMENT) WITH RESPECT TO THE COUNTY GUARANTEED REVENUE BONDS, SERIES OF 2003, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$32,620,000, ISSUED BY THE GENERAL AUTHORITY OF SOUTHCENTRAL PENNSYLVANIA THAT EVIDENCE LEASE RENTAL INDEBTEDNESS OF THIS COUNTY; SETTING FORTH THE SUBSTANTIAL FORM OF THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; SETTING FORTH AND APPROVING AN INTEREST RATE MANAGEMENT PLAN ADOPTED BY THE AUTHORITY; MAKING CERTAIN COVENANTS OF THIS COUNTY WHICH ARE INTENDED TO SECURE THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AMENDING ORDINANCE 2003-03 OF THIS COUNTY ENACTED ON OCTOBER 1, 2003, THAT AUTHORIZED LEASE RENTAL DEBT OF THIS COUNTY IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$75,000,000 EVIDENCED BY A GUARANTY AGREEMENT, DATED AS OF OCTOBER 1, 2003, AMONG THIS COUNTY, AS GUARANTOR, THE GENERAL AUTHORITY OF SOUTHCENTRAL PENNSYLVANIA AND MANUFACTURERS AND TRADERS TRUST COMPANY, SECURING COUNTY GUARANTEED REVENUE BONDS ISSUED BY THE AUTHORITY, TO INCREASE THE MAXIMUM INTEREST RATE ON THIS COUNTY'S PAYMENT OBLIGATIONS ARISING UNDER SUCH GUARANTY AGREEMENT, TO COVER PAYMENTS DUE UNDER QUALIFIED INTEREST RATE MANAGEMENT AGREEMENTS AS WELL AS THE GUARANTEED BONDS, IN ACCORDANCE WITH SECTION 8284 OF THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT

**ACT; AND AUTHORIZING APPROPRIATE OFFICERS OF  
THIS COUNTY TO TAKE RELATED ACTIONS.**

**WHEREAS**, The County of York, Pennsylvania (the "County") is a political subdivision (a county of the third class) of the Commonwealth of Pennsylvania (the "Commonwealth"), is governed by its Board of County Commissioners (the "Board"), and is a "Local Government Unit," within the meaning of the Local Government Unit Debt Act of the Commonwealth, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"); and

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

**WHEREAS**, The Authority was requested by the County to finance various capital projects (collectively, the "Projects") on behalf of the County, and for such purposes the Authority issued and delivered a series of bonds designated as its "County Guaranteed Revenue Bonds, Series of 2003", on October 1, 2003, in the original aggregate principal amount of \$32,620,000 and currently outstanding in the aggregate principal amount of \$32,620,000 (the "Bonds"); and

**WHEREAS**, The County entered into a Loan Agreement, dated as of October 1, 2003 (the "Loan Agreement"), with the Authority pursuant to which the proceeds of the Bonds were made available to the County for the Projects and the County agreed to make payments to the Authority equal to all sums due on the Bonds and related contracts; and

**WHEREAS**, The County enacted Ordinance #2003-03 on October 1, 2003 (the “Guaranty Ordinance”), authorizing a Guaranty Agreement, dated as of October 1, 2003 (the “Guaranty Agreement”), with respect to the Bonds, pursuant to which the County unconditionally guaranteed the payment of the principal of and interest on the Bonds and certain additional amounts such as the net payments due under interest rate swap agreements associated with the Bonds; and

**WHEREAS**, The Guaranty Agreement evidences lease rental debt of the County, proceedings for which were approved by the Department of Community and Economic Development under Approval No. LRA-4072, dated October 27, 2003, that included maximum guaranty obligations based on a maximum interest rate of 15.0%; and

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

**WHEREAS**, The Debt Act, including the amendments made by Act No. 2003-23, effective September 24, 2003, contemplate that the County may become obligated for all or a portion of the costs of a public authority incurred under the terms of an interest rate swap agreement meeting the requirements for a “qualified interest rate management agreement” under the Debt Act with respect to bonds or notes issued by such authority that evidence lease rental indebtedness of the County; and

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

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

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

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

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

**WHEREAS,** As contemplated by the Debt Act, the maximum net payments by fiscal year for periodic scheduled payments of the County, not including any termination payments, on the 2005 Swap Agreement, as well as any future qualified interest rate management agreements guaranteed under the terms of the Guaranty Agreement, and interest on the Bonds, as well as any other County Guaranteed Revenue Bonds guaranteed under the terms of the Guaranty Agreement, could exceed, in the aggregate, the maximum payment amounts approved for various fiscal years in the proceedings of this County with respect to the Guaranty Agreement, filed with and approved by the Department; and

**WHEREAS,** The Board of the County desires to amend the maximum interest rate on payment obligations under the Guaranty Agreement and the Guaranty Ordinance, as well as the provisions of related documents, from 15.0% to 25.0%, per annum, which is in excess of the sum of the net interest exposure described in the preceding paragraph, as contemplated by Section 8284 of the Act; and

**WHEREAS,** The Board of the County desires to take all other action necessary to authorize and approve the execution and delivery of the 2005 Swap Agreement and/or related instruments by the Authority, to further secure the 2005 Swap Agreement under the terms hereof and of the Guaranty Agreement, and to execute and deliver such documents as may be necessary to implement the Proposal.

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

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

**Section 2.** The Board of the County determines that (i) the 2005 Swap Agreement, shall be awarded at private sale by negotiation, which is determined to be in the best financial interest of the County, (ii) RBC possesses the qualifications required by law and the Interest Rate

Management Plan for a provider of a qualified interest rate management agreement, and (iii) the 2005 Swap Agreement shall be awarded to RBC, as approved by the Authority.

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

- (1) the notional amount of the 2005 Swap Agreement at all times shall not exceed the outstanding principal amount of the Bonds;
- (2) the term of the 2005 Swap Agreement shall not exceed the latest maturity date of the Bonds;
- (3) the 2005 Swap Agreement shall contain a provision requiring the termination thereof if the Bonds are no longer outstanding;
- (4) the fixed or maximum annual interest rate which shall be required to be paid by the Authority or the County under the 2005 Swap Agreement;
- (5) the maximum net payments by fiscal year due and payable by the County with respect to the Bonds, excluding principal of the Bonds, shall not exceed the aforesaid maximum interest rate set forth in the Guaranty Ordinance, as amended hereby, for (i) periodic scheduled payments, not including any termination payments, due under the 2005 Swap Agreement, and (ii) the interest on the Bonds;
- (6) the source of payment of the County's obligations with respect to the 2005 Swap Agreement shall be general revenues;
- (7) the 2005 Swap Agreement, in the form herein authorized and approved, contains provisions addressing the actions to be taken if the credit rating of RBC changes;
- (8) the periodic scheduled payments due under the 2005 Swap Agreement and any payments due under the Guaranty Agreement in respect of principal of and interest on the

Bonds shall be senior in right and priority of payment to any termination payments due under the 2005 Swap Agreement.

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

**Section 5.** Subject to the receipt of (i) the oral opinion, which shall be followed by a written confirmation, from the Financial Advisor that the financial terms and conditions of the 2005 Swap Agreement, including the proposed final Confirmation, are fair and reasonable to the Authority and the County, and (ii) a determination by the County Administrator that the final terms and conditions of the 2005 Swap Agreement (including (a) the fixed interest rate payable by the Authority and County, (b) the commencement date for the payments due under the 2005 Swap Agreement, and (c) the termination date for the payments due under the 2005 Swap Agreement) are satisfactory, then any two or more of the members of the Board of the County shall execute on behalf of the County such instruments and documents as may be necessary or appropriate to secure the 2005 Swap Agreement under the terms hereof; *provided, however, that the fixed interest rate used to calculate the sums payable to RBC under the 2005 Swap Agreement shall not exceed 6.0%.*

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

and the amendment of the Guaranty Ordinance, with the Department of Community and Economic Development, as required by Section 8284 of the Debt Act

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

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

(b) To appropriate those amounts from the general revenues of the County for the payment of amounts due under the 2005 Swap Agreement or in respect of the County's guaranty obligations with respect to the 2005 Swap Agreement.

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

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

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

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

**Section 11.** The prior advertisement of a public notice of intent to enact this Ordinance in one or more newspapers of general circulation in the County is hereby ratified and confirmed, and the advertisement of a public notice of the enactment of this Ordinance within 15 days following its enactment, as required by the Debt Act, is hereby authorized and directed. The Chief Clerk of the Board is hereby authorized and directed to arrange for the advertisement of such notices or to authorize and direct the Solicitor or bond counsel for the County to make such arrangements.

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

contemplated by the Interest Rate Management Plan and the Proposal, including fees and expenses of preparing, advertising and enacting this Ordinance.

**Section 13.** The Guaranty Ordinance is hereby amended to insert 25.0% in lieu of 15.0% in all references to the maximum annual rate of interest on payments due on all County Guaranteed Revenue Bonds, the 2005 Swap Agreement, other qualified interest rate management agreements guaranteed by this County under the Guaranty Agreement and any other payment obligations described therein. The Guaranteed Agreement shall be deemed amended, in the same manner as the Guaranty Ordinance, to the extent appropriate, to certain such an increase in the maximum aggregate net interest. Appendix C, illustrating the maximum scheduled payments on \$75,000,000 principal amount of County Guaranteed Revenue Bonds, and scheduled payments on qualified interest rate management agreements applicable to such County Guaranteed Revenue Bonds, based on a maximum annual net interest rate of 25.0%, is attached hereto and made a part hereof, which shall supersede the Schedule 1 of Exhibit A originally attached to the Guaranty Ordinance and the Guaranty Agreement. The remainder of the Guaranty Ordinance and the Guaranty Agreement shall remain in full force and effect.

**Section 14.** Proper officers of the County are authorized and directed to take all other required, necessary and/or appropriate action, or to authorize all other required, necessary or appropriate action to be taken, by or on behalf of the County, to implement the 2005 Swap Agreement, the Proposal and the approved Interest Rate Management Plan.

**Section 15.** Proper officers of the Authority are authorized and requested to take all other required, necessary and/or appropriate action, or to authorize all other required necessary or

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

**Section 16.** Any reference in this Ordinance to an officer of the County or a member or officer of the Board of the County shall be deemed to refer to his or her duly qualified successor in office, if applicable.

**Section 17.** This Ordinance shall be effective for all purposes immediately upon its enactment, as permitted by the Debt Act.

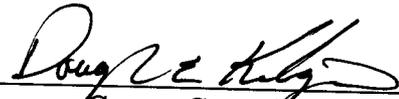
**Section 18.** In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the County that such remainder shall be and shall remain in full force and effect.

**Section 19.** All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

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

COUNTY OF YORK, PENNSYLVANIA

By:   
County Commissioner

By:   
County Commissioner

By:   
County Commissioner

ATTEST:

  
Chief Clerk

(SEAL)

**APPENDIX A**

**INTEREST RATE MANAGEMENT PLAN**

**APPENDIX B**

**SUBSTANTIAL FORM OF QUALIFIED INTEREST RATE  
MANAGEMENT AGREEMENT**

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

**APPENDIX C**

**AMENDED MAXIMUM SCHEDULED PAYMENT OBLIGATIONS UNDER THE  
GUARANTY ORDINANCE AND THE GUARANTY AGREEMENT (AT 25%)**

**CERTIFICATE**

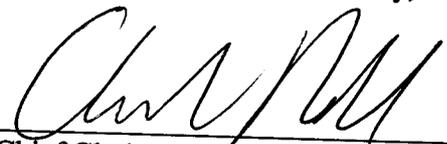
I, the undersigned, Chief Clerk of the COUNTY OF YORK, Pennsylvania (the "County"), certify that: the foregoing is a true and correct copy of an Ordinance that duly was enacted by affirmative vote of a majority of all members of the Board of County Commissioners of the County at a meeting duly held on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

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

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

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

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

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

(SEAL)

## LEGAL NOTICE

Notice is hereby given that the Commissioners of the County of York, Commonwealth of Pennsylvania, will consider the adoption of Ordinance 2005-05 - Preferential Assessment of Farmstead Land at their regularly scheduled meeting on July 20, 2005 at 10:00 a.m., in the Commissioners' Meeting Room, One West Marketway, 4th Floor, York, Pennsylvania.

A certified copy of Ordinance 2005-05 - Preferential Assessment of Farmstead Land may be examined at the York County Commissioners' Office, One West Marketway, 4th Floor, York, Pennsylvania during normal working hours, or at the Law Library, York County Judicial Center, 45 North George Street, York, Pennsylvania.

In accordance with the Americans with Disability Act, the public can request accommodations for persons with disabilities to attend this meeting by calling York County at (717) 771-9099. For individuals with a hearing impairment, contact the Deaf Center, (717) 848-2585 or (717) 848-6765 (TDD).

Board of Commissioners  
Lori O. Mitrick, Pres.  
Douglas E. Kilgore  
Steve Chronister

I certify this a true and correct copy of Ordinance 2005-05.

Date: July 5, 2005

Charles R. Noll  
Administrator/Chief Clerk