

COUNTY OF YORK, PENNSYLVANIA

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ORDINANCE NO. 2006-02

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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'S GENERAL OBLIGATION BONDS, SERIES OF 2006, OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$74,890,000; SETTING FORTH THE SUBSTANTIAL FORM OF THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; SETTING FORTH AND ADOPTING AN INTEREST RATE MANAGEMENT PLAN; MAKING CERTAIN COVENANTS OF THIS COUNTY WHICH ARE INTENDED TO SECURE THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AMENDING ORDINANCE 2005-10 OF THE COUNTY ENACTED ON DECEMBER 14, 2005, THAT AUTHORIZED AND SECURES THE 2006 BONDS, TO INCREASE THE COUNTY'S COMBINED MAXIMUM PAYMENT OBLIGATIONS UNDER THE 2006 BONDS AND THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT, IN ACCORDANCE WITH SECTION 8284 OF THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT; AND AUTHORIZING APPROPRIATE OFFICERS OF THIS COUNTY TO TAKE RELATED ACTIONS.

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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 Board enacted Ordinance #2005-10 on December 14, 2005 (the “2006 Bonds Enabling Ordinance”), that authorized and directed the issuance of its General Obligation Bonds, Series of 2006, in the aggregate principal amount of \$74,890,000, dated as of January 15, 2006 (the “2006 Bonds”), as set forth in detail in the 2006 Bonds Enabling Ordinance; and

**WHEREAS**, The Department of Community and Economic Development (the “Department”), of the Commonwealth approved the proceedings of this County related to the increase of nonelectoral indebtedness evidenced by the 2006 Bonds, which approval of the Department was evidenced by Certificate of Approval No. GOB-16149, dated January 17, 2006; and

**WHEREAS**, RBC Capital Markets (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 this County would pay RBC a variable interest rate equal to the Bond Market Association (“BMA”) tax-exempt bond index and RBC would pay this County a variable interest rate equal to 67% of the One-month London Inter-Bank Offered Rate (“LIBOR”) taxable bond index, plus a fixed number of basis points (interest percentage), in each case applied to the principal outstanding on the 2006 Bonds, over a term not to exceed the final maturity date of the Bonds (the “2006 Basis Swap”); and

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

portion of the costs incurred under the terms of an interest rate swap agreement meeting the requirements for a “qualified interest rate management agreement”, as defined in the Debt Act, with respect to bonds of the County; and

**WHEREAS**, The 2006 Basis Swap in the judgment of the Board, is designed to manage, and will assist the Board in managing, interest rate risk or interest cost of the County associated with the 2006 Bonds, in accordance with the Debt Act; and

**WHEREAS**, Investment Management Advisory Group, Inc., has represented to the Board that it qualifies as an “Independent Financial Advisor” as defined in the Debt Act (the “Financial Advisor”), which is not the provider of the 2006 Basis Swap or an affiliate or agent of such provider, and has prepared “interest rate management plan”, as defined in the Debt Act, to address certain financial information and risks associated with the 2006 Basis Swap as well as previous swap agreements payable or guaranteed by the County (the “Interest Rate Management Plan”); and

**WHEREAS**, The Board desires to retain the Financial Advisor as its independent financial advisor in accordance with the Debt Act; and

**WHEREAS**, The Board of the County has duly read and considered the Proposal, the Interest Rate Management Plan prepared by the Financial Advisor and the proposed form, terms and conditions of the 2006 Basis Swap; and

**WHEREAS**, The 2006 Basis Swap is consistent with the Interest Rate Management Plan; and

**WHEREAS**, The Authority proposes to award the 2006 Basis Swap to RBC, at private sale by negotiation, and to enter into the 2006 Basis Swap; 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 by the County, not including any termination payments, on the 2006 Basis Swap, plus interest on the 2006 Bonds, could exceed in the aggregate the maximum payment amounts approved for various fiscal years in the proceedings of this County filed with and approved by the Department for the 2006 Bonds; and

**WHEREAS**, The Board of the County desires to amend the interest rates specified in the 2006 Bond Enabling Ordinance, as well as the provisions of related documents, to include a maximum index rate of 25.0% , per annum, for calculating the BMA based payments by the County on the 2006 Basis Swap, in addition to the fixed rates specified for the various maturities of the 2006 Bonds, 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 2006 Basis Swap and/or related instruments, to further secure the 2006 Basis Swap under the terms hereof and of the 2006 Bonds Enabling Ordinance, 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 hereby engages the Financial Advisor to serve as its independent financial advisor under the Debt Act, in connection with the 2006 Basis Swap and in accordance with the terms of an engagement letter presented to this County by the Financial Advisor. The Board also engages the law firm of Rhoads & Sinon LLP (the “Bond Counsel”) to serve as special counsel to this County in connection with the 2006 Basis Swap and in accordance with the terms of an engagement letter presented to this County by the Bond Counsel.

**SECTION 2.** This County does hereby approve and adopt the Interest Rate Management Plan, a copy of which is attached hereto as Exhibit A, and, without limiting the generality of the foregoing, approves, ratifies and confirms the qualifications established by this County in said Plan for the selection of RBC as the provider of the 2006 Basis Swap, which qualifications include, among other things, a rating for the provider of the 2006 Basis Swap that is in one of the three highest rating categories of a nationally recognized credit rating agency.

**SECTION 3.** The Board of the County determines that (i) the 2006 Basis Swap 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 2006 Basis Swap shall be awarded to RBC.

**SECTION 4.** The Board hereby finds and declares the following:

(1) the notional amount of the 2006 Basis Swap at all times shall not exceed the outstanding principal amount of the 2006 Bonds;

(2) the term of the 2006 Basis Swap shall not exceed the latest maturity date of the 2006 Bonds;

(3) the 2006 Basis Swap shall contain a provision requiring the termination thereof if the 2006 Bonds are no longer outstanding;

(4) the maximum annual interest rate which shall be required to be paid by this County under the 2006 Basis Swap shall be 25%, per annum;

(5) the maximum net payments by fiscal year due and payable by the County with respect to the 2006 Bonds, excluding principal of the 2006 Bonds, shall not exceed the aforesaid maximum interest rate specified in the 2006 Basis Swap (plus the fixed interest rates previously specified in the 2006 Bonds Enabling Ordinance), for (i) periodic scheduled payments, not including any termination payments, due under the 2006 Basis Swap, and (ii) the interest on the 2006 Bonds;

(6) the source of payment of the County's obligations with respect to the 2006 Basis Swap shall be general revenues;

(7) the 2006 Basis Swap, in the form herein authorized and approved, contains provisions addressing the actions to be taken if the credit rating of RBC changes; and

(8) the periodic scheduled payments due under the 2006 Basis Swap and any payments due on the 2006 Bonds 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 2006 Basis Swap.

**SECTION 5.** The Board of the County does authorize and approve the 2006 Basis Swap, which shall be substantially in the form (including an ISDA Master Agreement, related Schedule(s) and Confirmation) attached hereto as **Exhibit B**. In accordance with the Debt Act, within fifteen (15) days following the enactment of this Ordinance, a certified copy thereof, in including the Interest Rate Management Plan and substantial form of the 2006 Basis Swap, shall be filed with the Department.

**SECTION 6.** 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 2006 Basis Swap, including the proposed final Confirmation, are fair and reasonable to this County, and (ii) a determination by the County Administrator that the final terms and conditions of the 2006 Basis Swap (including a fixed spread in basis points

(hundredths of a percent) above 67% of LIBOR receivable by this County) 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 enter into and secure the 2006 Basis Swap under the terms hereof.

The 2006 Basis Swap shall be substantially in the form set forth in **Exhibit 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 2006 Basis Swap, and the amendment of the 2006 Bond Enabling Ordinance, with the Department of Community and Economic Development, as required by Section 8284 of the Debt Act

**SECTION 7.** The County hereby covenants to do the following:

(a) To include the periodic scheduled amounts payable under the 2006 Basis Swap 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 2006 Basis.

**SECTION 8.** 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 2006 Basis Swap.

**SECTION 9.** The County does hereby covenant that the periodic scheduled payments due under the 2006 Basis Swap and the payments in respect of principal of and interest on the 2006 Bonds shall be equally and ratably payable and secured.

**SECTION 10.** The County hereby covenants to include any termination payment or similar payment required under the 2006 Basis Swap, which may become due and payable by the County under the terms of the 2006 Basis Swap, 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 11.** The County covenants to include in its annual financial statements information with respect to the 2006 Basis Swap, 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 2006 Basis Swap, as well as other outstanding swap obligations payable by the County, subject to the terms of appropriate written agreements.

**SECTION 12.** 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 13.** 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 incurred or to be incurred in connection with undertaking the 2006 Basis Swap as contemplated by the Interest Rate Management Plan and the Proposal, including fees and expenses of preparing, advertising and enacting this Ordinance.

**SECTION 14.** The 2006 Bonds Enabling Ordinance is hereby amended to insert a maximum interest rate of 25.0% payable on the 2006 Basis Swap, plus the interest payable at the stated fixed rates by maturity on the 2006 Bonds. **Exhibit C** contains schedules illustrating: (1) the fixed, scheduled payments on the 2006 Bonds plus the maximum, scheduled payments and related receipts on the 2006 Basis Swap (assuming LIBOR equals 100% of BMA at the maximum interest rate of 25%), and (2) the fixed, scheduled payments on the 2006 Bonds plus estimated net payments and receipts under the 2006 Basis Swap, which are is attached hereto and made a part hereof. The remainder of the 2006 Bond Enabling Ordinance shall remain in full force and effect.

**SECTION 15.** 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 2006 Basis Swap, 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.

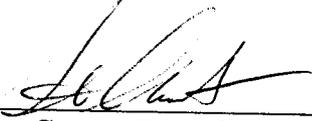
**SECTION 19.** All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

**DULY ENACTED**, by the Board of the County, in lawful session duly assembled,  
this 22<sup>nd</sup> day of February, 2006.

**COUNTY OF YORK, PENNSYLVANIA**

By:   
County Commissioner

By: \_\_\_\_\_  
County Commissioner

By:   
County Commissioner

ATTEST:

  
Chief Clerk

(SEAL)

**EXHIBIT A**

**INTEREST RATE MANAGEMENT PLAN**

February 22, 2006

## County of York, Pennsylvania

### Interest Rate Management Plan

#### OVERVIEW

In accordance with the requirements of Act 23 of 2003, amending the Pennsylvania Local Government Unit Debt Act ("LGUDA" or the "Debt Act"), this report shall presently serve as the "Interest Rate Management Plan" (the "Plan"), as that phrase is defined in the Debt Act, of the County of York, Pennsylvania (the "County"). This Plan has been prepared by Investment Management Advisory Group, Inc. ("IMAGE"), which constitutes an "Independent Financial Advisor", as that phrase is defined in the Debt Act. This Plan shall cover all Qualified Interest Rate Management Agreements ("QIRMAs"), as that phrase is defined in the Debt Act, including but not limited to the 2006 Bonds Basis Swap (hereinafter defined), and all other interest rate swaps, caps, floors, swaptions and similar derivative instruments currently payable or guaranteed by the County (including such agreements entered into by GASP or YCIDA, hereinafter defined, with respect to bonds or other obligations which are payable by or guaranteed by the County).

This analysis has been performed specifically with regard to a new QIRMA which would be entered into by the County in the near future and which would be paid directly by the County. The County has also guaranteed certain sums payable by the General Authority of Southcentral Pennsylvania ("GASP") under Loan Agreements with GASP, and under a Guaranty Agreement with the York County Industrial Development Authority ("YCIDA"), under other QIRMAs which will be further described below.

The County is considering entering into a transaction known as a basis swap (the "2006 Basis Swap"), that will relate to (1) the County's \$74,890,000 outstanding General Obligation Bonds, Series of 2006 (the "2006 Bonds"), issued on January 24, 2006, as fixed rate bonds. It is expected that the 2006 Bonds Basis Swap will be structured with a declining notional (principal) amount which will mirror the annual principal amortization of the 2006 Bonds.

The final termination date of the 2006 Bonds Basis Swap will not be later than the final maturity date of the 2006 Bonds. The 2006 Bonds Basis Swap will be structured so that after its effective date, which is assumed for this analysis to be March 1, 2006, the County will agree to pay to Royal Bank of Canada ("RBC" or the "Counterparty"),

interest on the outstanding notional amounts at a rate equal to 100% of the Bond Market Association Municipal Swap Index ("BMA"), which will be netted against interest receipts from the Counterparty on the same notional amounts equal to 67% of the USD-LIBOR-BBA index having a one-month maturity ("LIBOR") plus a fixed spread equal to additional "basis points" (1/100<sup>th</sup> of 1.0%) that will be determined at pricing (the "Fixed Spread"). BMA is an index that reflects prevailing tax-exempt bond interest rates and LIBOR is an index that reflects prevailing taxable bond interest rates.

Historical data between 1995 and 2005, inclusive, indicates that the average annual rate resulting from 67% of LIBOR and 100% of BMA have been approximately equivalent. If this relationship between the two indexes continues over the proposed term of the Basis Swap, the County will receive the Fixed Spread, on average, over the life of the 2006 Basis Swap. If in any particular payment period tax-exempt interest rates increase relative to taxable interest rates, due to prevailing interest rates generally or forces affecting tax-exempt bonds specifically (see discussion of Tax Risk below), then the County would be required to make a net payment if the result exceeds the Fixed Spread. If tax-exempt interest rates decline relative to taxable rates, the County would receive a net payment in addition to the Fixed Spread. 67% of LIBOR is an average established over a period of 10 years and reflects many net payments and receipts over that time period.

The County hopes that the BMA/LIBOR relationship will remain constant or improve in the future. This will result in payments to the County that will be deposited in the sinking fund for the 2006 Bonds and applied to reduce debt service otherwise payable from its general fund. If this transaction had been entered into, which is the proposed term of the 2006 Basis Swap, on a bond issue identical to the 2006 Bonds, the County would have received payments totaling \$ 3.29 million on a present value basis (see schedule below which assumes the County will lock in a Fixed Spread of 40 basis points).

**SAMPLE ANNUALIZED CASHFLOWS**

Date	Receive: 67% of LIBOR (1)	Plus: Spread	Basis Swap Receipt	Pay: BMA Rate (1)	Expected Accrual in BPs	Swap Notional Outstanding (2)	Annual Benefit of Fixed Spread	Annual PV Benefit of Fixed Spread (3)
6/1/2006	2.94%	0.40%	3.34%	-2.94%	0.40%	74,890,000	74,890	74,061
6/1/2007	2.94%	0.40%	3.34%	-2.94%	0.40%	74,890,000	299,560	289,352
6/1/2008	2.94%	0.40%	3.34%	-2.94%	0.40%	74,890,000	299,560	271,018
6/1/2009	2.94%	0.40%	3.34%	-2.94%	0.40%	74,545,000	228,180	258,028
6/1/2010	2.94%	0.40%	3.34%	-2.94%	0.40%	74,330,000	257,320	246,085
6/1/2011	2.94%	0.40%	3.34%	-2.94%	0.40%	72,095,000	288,380	228,292
6/1/2012	2.94%	0.40%	3.34%	-2.94%	0.40%	69,765,000	277,680	211,393
6/1/2013	2.94%	0.40%	3.34%	-2.94%	0.40%	67,325,000	269,300	195,028
6/1/2014	2.94%	0.40%	3.34%	-2.94%	0.40%	64,770,000	239,080	179,469
6/1/2015	2.94%	0.40%	3.34%	-2.94%	0.40%	62,080,000	248,320	164,528
6/1/2016	2.94%	0.40%	3.34%	-2.94%	0.40%	59,235,000	236,940	150,155
6/1/2017	2.94%	0.40%	3.34%	-2.94%	0.40%	56,230,000	226,920	136,394
6/1/2018	2.94%	0.40%	3.34%	-2.94%	0.40%	53,065,000	212,260	123,060
6/1/2019	2.94%	0.40%	3.34%	-2.94%	0.40%	49,720,000	198,880	110,284
6/1/2020	2.94%	0.40%	3.34%	-2.94%	0.40%	46,190,000	184,760	97,995
6/1/2021	2.94%	0.40%	3.34%	-2.94%	0.40%	42,455,000	169,820	86,150
6/1/2022	2.94%	0.40%	3.34%	-2.94%	0.40%	40,245,000	160,980	78,111
6/1/2023	2.94%	0.40%	3.34%	-2.94%	0.40%	37,905,000	151,620	70,367
6/1/2024	2.94%	0.40%	3.34%	-2.94%	0.40%	35,420,000	141,680	62,892
6/1/2025	2.94%	0.40%	3.34%	-2.94%	0.40%	32,780,000	131,120	55,671
6/1/2026	2.94%	0.40%	3.34%	-2.94%	0.40%	29,970,000	119,880	48,684
6/1/2027	2.94%	0.40%	3.34%	-2.94%	0.40%	26,970,000	107,880	41,903
6/1/2028	2.94%	0.40%	3.34%	-2.94%	0.40%	23,790,000	95,160	35,354
6/1/2029	2.94%	0.40%	3.34%	-2.94%	0.40%	20,415,000	81,660	29,018
6/1/2030	2.94%	0.40%	3.34%	-2.94%	0.40%	16,825,000	67,300	22,874
6/1/2031	2.94%	0.40%	3.34%	-2.94%	0.40%	13,005,000	52,020	16,911
6/1/2032	2.94%	0.40%	3.34%	-2.94%	0.40%	8,950,000	35,800	11,132
6/1/2033	2.94%	0.40%	3.34%	-2.94%	0.40%	4,630,000	18,520	5,308
<b>Total Benefit:</b>							<b>5,016,250</b>	<b>4,293,684</b>

(1) Assumes BMA Index is equal to LIBOR \* 67% and LIBOR equal to ten year average 4.39%

(2) Assumes using 2006 Bonds and associated amortization.

(3) Present Value at 4.50% to 3-1-2006.

The reason the County would receive payments that exceed the historical equivalents of 100% of BMA and 67% of LIBOR (i.e. the Fixed Spread), is the assumption of risk by the County that this average will not continue as it has, but be altered by unforeseen changes in laws or the bond market. If the percentage of LIBOR relative to BMA increase in the future, some of the benefit of the transaction will be lost. If a change in the relationship between the two indexes exceeds the Fixed Spread, the County could find itself a net payer under the transaction.

The principal cause of a change in the two indexes that would reduce the benefit of the 2006 Basis Swap to the County is a reduction in the benefit of tax-exempt bonds to potential holders of such obligations. This can result from a reduction in marginal tax rates on interest income (currently the maximum tax rate on interest income is 35%). It can also result from a reduction in the pool of potential purchasers of tax-exempt bonds, changing the tax treatment of the interest expense deduction to acquire tax-exempt obligations, corporate accounting changes or any number of potential changes in the Internal Revenue Code. Such changes have occurred in the past. The possibility of tax

law changes that adversely affect the benefit of federally tax-exempt income is known as "Tax Risk". Currently, several proposals exist which could negatively impact the expected cashflows expected from the 2006 Basis Swap however, no determination can be made on the viability of those proposals. Tax Risk is discussed in further detail below.

The County has selected RBC to be the provider of the 2006 Basis Swap, and RBC qualifies to serve as a party to a QIRMP under the requirements of the Debt Act (see discussion of Counterparty Risk, below). The County has entered into engagement agreements with IMAGE to serve as financial advisor, and Rhoads & Sinon LLP to serve as special counsel, in connection with the 2006 Basis Swap. These firms will receive payments directly from RBC after the 2006 Basis Swap is entered into (as listed in Appendix B). These payments have the affect of decreasing the Fixed Spread and, therefore, reducing the net payments that would be payable by RBC to the County if such payments had not been made.

## **I. County Debt Outstanding**

The County had total debt outstanding backed by its full faith, credit and taxing power of \$219,235,000 as of this date, consisting of \$126,865,000 of General Obligation Bonds of the County itself, \$81,995,000 of lease rental debt evidenced by outstanding bonds or notes of GASP (as to which the County is the guarantor), and \$10,375,000 of lease rental debt evidence by a guaranty of outstanding bonds of the York County Industrial Development Authority ("YCIDA"). A schedule of all currently outstanding debt obligations, including fixed annual debt service and, for floating rate debt, estimated annual debt service, is shown in Appendix A. No new debt is proposed or associated with entering into the 2006 Basis Swap other than the previously issued 2006 Bonds.

## **II. County/Authority Swaps Outstanding**

The County has not entered into any swaps allocable to its own general obligation bonds as of this date. The County has, however, effectively guaranteed five swaps that are currently outstanding, four signed by GASP and one signed by YCIDA.

On June 29, 2000, GASP issued the 2000A GASP Bonds in the aggregate principal amounts of \$22,035,000 (\$19,090,000 of which remain outstanding). On October 19, 2001, GASP issued its Variable Rate Demand County Guaranteed Revenue Bonds, Series of 2001 (the "2001 GASP Bonds"), in the aggregate principal amount of \$32,435,000 (\$30,645,000 of which remain outstanding). The 2000A GASP Bonds and the 2001 GASP Bonds were issued in a floating rate mode with weekly interest rate resets, and both carry AMBAC municipal bond insurance. The 2000A Bonds were further secured by a Standby Bond Purchase Agreement issued by First Union/Wachovia Bank (together, the "2000A Liquidity Facility"). The 2001 Bonds were further secured by a Standby Bond Purchase Agreement issued by JP Morgan/Chase Bank (the "2001 Liquidity Facility"). All sums due on the 2000A GASP Bonds and on the 2000A

Liquidity Facility, as well as all sums due on the 2001 GASP Bonds and on the 2001 Liquidity Facility, are payable by the County under a Loan Agreement (which does not legally constitute County indebtedness), and under a Guaranty Agreement (which does constitute County lease rental debt), both dated as of June 1, 2000. The maximum interest rate on the 2000A GASP Bonds and on the 2001 GASP Bonds is 15.0%.

On June 27, 2003, GASP entered into a forward starting interest rate swap with RBC with respect to the \$32,435,000 then outstanding principal amount of the 2001 GASP Bonds, under the terms of which GASP (and the County under the Loan Agreement and Guaranty Agreement) make fixed rate payments of 4.06% and receive a floating rate payments based on 100% of the BMA Index commencing on January 2, 2004 (the "2001 Bonds Fixed Pay Swap").

On October 30, 2003, GASP issued the 2003 GASP Bonds in the aggregate principal amounts of \$32,620,000 (all of which remain outstanding). The 2003 GASP Bonds were issued in a floating rate mode, with weekly interest rate resets (which continues today), and carry AMBAC municipal bond insurance. The 2003 Bonds were further secured by a Standby Bond Purchase Agreement issued by RBC Centura Bank (the "2003 Liquidity Facility"). All sums due on the 2003 GASP Bonds and on the 2003 Liquidity Facility are payable by the County under a Loan Agreement (which does not legally constitute County indebtedness), and under a Guaranty Agreement (which does constitute County lease rental debt), both dated as of October 1, 2003. The maximum interest rate on the 2003 GASP Bonds is 15.0%.

On March 1, 2004, GASP (at the request of the County) did the following: a) converted both the 2000A GASP Bonds and the 2001 GASP Bonds from the weekly floating rate mode to a term rate mode having a fixed rate of 4.50% for a period ending on December 1, 2008, b) applied additional proceeds of the remarketing of the 2000A GASP Bonds and 2001 GASP Bonds at a premium interest rate (reducing the outstanding principal amount of the 2000A GASP Bonds from \$21,590,000 to \$19,090,000, and reducing the outstanding principal amount of the 2001 GASP Bonds from \$32,435,000 to \$30,645,000, c) terminated the 2000A Liquidity Facility and 2001 Liquidity Facility, and the Remarketing Agreements associated with the 2000A GASP Bonds and the 2001 GASP Bonds, during the term rate period, and d) simultaneously executed a floating rate pay (100% of BMA)/fixed rate receipt (2.51%) interest rate swap (the "2000A/2001 Term Period Floating Pay Swap") with RBC to synthetically convert the 2000A GASP Bonds and 2001 GASP Bonds *back* to floating rate obligations (plus the differential in the fixed rate obligations) during the same term rate period. The 2001 Bond Fixed Pay Swap remained in place as originally contemplated so that the floating rate obligations on the 2000A/2001 Term Period Floating Pay Swap attributable to the 2001 GASP Bonds are offset to create "synthetic fixed rate" obligations on the 2001 GASP Bonds. The maximum interest rate applicable to payments by the County on the 2000A/2001 Term Period Floating Pay Swap is 17.51%.

On November 16, 2004, YCIDA entered into a floating rate (100% of LIBOR) receipt/fixed rate (4.71%) pay (the "2003B YCIDA Bonds Fixed Pay Swap") relating to a portion of the YCIDA's outstanding \$8,375,000 Variable Rate Demand County Guaranteed Economic Development Revenues Bonds (York County Economic Development Corporation Project), Series 2003B (Taxable) (the "2003B YCIDA Bonds"). The 2003B YCIDA Bonds Fixed Pay Swap is on an initial notional amount of \$5,000,000 declining to \$3,000,000 on December 1, 2009, creating a partial "synthetic fixed rate" liability of GASP (and the County as guarantor of the 2003B YCIDA Bonds and the 2003B YCIDA Bonds Fixed Pay Swap). RBC is the provider of the 2003B YCIDA Bonds Fixed Pay Swap. The final termination date of the 2003B YCIDA Bonds Swap is December 1, 2014, which is not later than the final maturity date of the 2003B YCIDA Bonds. The remaining portion of the 2003B YCIDA Bonds in the amount of \$2,375,000 (increasing to \$5,375,000) will remain as unhedged floating rate bonds. Also, the \$2,000,000 Variable Rate Demand County Guaranteed Economic Development Revenues Bonds (York County Economic Development Corporation Project), Series 2003A (Taxable) (the "2003A YCIDA Bonds"), also guaranteed by the County, remain unhedged in a floating rate mode. The maximum interest rate on the 2003A YCIDA Bonds and on the 2003B YCIDA Bonds is 25.0%.

On March 16, 2005, GASP, at the County's request, entered into two forward starting, floating rate receipt/fixed rate pay swaps (together, the "2000A/2003 Bonds Fixed Pay Swaps"), relating to (1) GASP's \$19,090,000 outstanding County Guaranteed Revenue Bonds Series A of 2000 (the "2000A GASP Bonds"), currently in a term rate (fixed) mode through December 1, 2008, and its corresponding floating rate pay/fixed rate receipt obligations under the 2004 Term Rate Swap (see above), and (2) GASP's \$32,260,000 outstanding County Guaranteed Revenue Bonds, Series of 2003 (the "2003 GASP Bonds"), currently in a weekly floating rate mode. The 2000A/2003 Bonds Fixed Pay Swaps were structured with a declining notional (principal) amount that mirrored the principal amortization schedules on the 2000A GASP Bonds and 2003 GASP Bonds, respectively, thus creating "synthetic fixed rate" liabilities of GASP and the County. The 2000A/2003 Bonds Fixed Pay Swaps was structured so that after their effective date, June 1, 2006, GASP will receive semiannual payments equal to the notional amount of each of the 2000A/2003 Bonds Fixed Pay Swaps multiplied by a floating rate based on 100% of the rate established by the Bond Market Association ("BMA") tax-exempt obligation floating rate index, during that period. On the same payment dates, GASP will be required to make payments, based on the same notional amounts, multiplied by a fixed rate of 4.335% on the 2000A Bonds Fixed Pay Swap and 4.43% on the 2003 Bonds Fixed Pay Swaps. The GASP (via the County) will continue to make regularly scheduled payments on the associated Bonds. The net effect being is that GASP created a synthetic fixed rate obligation from the effective date to the termination date of the 2000A/2003 Bonds Fixed Pay Swaps.

The proposed 2006 Basis Swap, the 2000A/2003 Bonds Fixed Pay Swaps, the 2001 Bonds Fixed Pay Swap, the 2000A/2001 Term Period Floating Pay Swap and the

2003B YCIDA Bonds Fixed Pay Swap are collectively referred to as the "County Swaps".

### **III. Fees Paid or Payable in Connection with the 2006 Basis Swap**

The Debt Act states that a QIRMA must contain, among other provisions "a schedule listing all consulting, advisory, brokerage or similar fees, paid or payable, by the local government unit in connection with the qualified interest management agreement, and a schedule of any finder's fees, consulting fees, or brokerage fees, paid or payable by the other party in connection with the qualified interest management agreement." A schedule of all consulting, advisory, brokerage or similar fees to be paid by the County, RBC and any other party in connection with the 2006 Basis Swap, is shown in Appendix B.

### **IV. Scheduled Periodic Payments under the 2006 Basis Swap**

A schedule of fixed, and in the case of floating rate obligations, estimated and maximum periodic scheduled annual payments, payable by the County, and to be received from RBC under the 2006 Basis Swap in each year during the term of the 2006 Basis Swap, is shown in Appendix C. These schedules are based on a cap of 25% on the County payments under the 2006 Basis Swap, and assumes that LIBOR index equal 100% of BMA, also at 25%. Therefore, RBC would pay 67% of 25% = 16.75%, which would result in maximum net payments by the County. The County will amend the ordinance originally authorizing the 2006 Bonds to increase the combined payments on the 2006 Bonds and the 2006 Basis Swap to equal the 25% cap on the BMA payments plus the fixed rate payments on the 2006 Bonds.

### **V. Risk Analysis on the Proposed 2000A/2003 Bonds Fixed Pay Swaps**

The following is an analysis of certain potential (1) risks to the County by entering into the 2006 Basis Swap, (2) the risks inherent in the County's currently outstanding debt, and (3) risks already assumed by the County under the documents supporting the other County Swaps (because the County is the true obligor on the County Swaps, we will refer to the obligations as being those of the County even though GASP and or the YCIDA is the party signing the contract as the issuer of the underlying bonds):

#### *Classifications of Risks Inherent in Swap Contracts*

1. **Interest Rate Risk** is the risk that short term interest rates payable on floating rate bonds payable by the County increase in the future due to a change generally in the tax-exempt bond market, or due specifically to credit concerns

relating to the County. The County currently has exposure to floating interest rates on the 2000A GASP Bonds (combined with the 2000A/2001 Term Period Floating Pay Swap) and on the 2003 GASP Bonds which has been mitigated substantially by the BMA floating rate payments it receives on the 2000A/2003 Bonds Fixed Pay Swaps. The 2001 GASP Bonds are already hedged by the 2001 Bonds Fixed Pay Swap. The \$5,000,000 out of the \$8,375,000 outstanding 2003B YCIDA Bonds are effectively at fixed rates under the 2003B YCIDA Bonds Fixed Pay Swap (though the \$2,000,000 2003A YCIDA Bonds remain floating), and are payable from sources other than County general revenues. After entering into the 2000A/2003 Bonds Fixed Pay Swaps, 100% of the debt service payable by the County general revenues was in fixed rate bonds or synthetically fixed by swap transactions, thereby minimizing interest rate risk.

The 2006 Bonds have been issued as fixed rate bonds and do not themselves add any additional interest rate risk to the County. However, the addition of 2006 Basis Swap introduces a specific type of interest rate risk to the County. Historically, the receipt of 67% of LIBOR and the payment of BMA has effectively cancelled out resulting in the overall benefit to a basis swap being the Fixed Spread. However, as is further discussed in the explanation of Basis Risk, if the 67% of LIBOR is not sufficient to offset the BMA payment due to any of the factors described below (primarily Tax Risk), at higher levels of short term interest rates (i.e. LIBOR and BMA) the risk and the and any resulting mismatch will be greater, and could decrease or eliminate the benefit from the 2006 Basis Swap. At lower levels of short term interest rates, the interest rate risk as a result of a mismatch will be substantially smaller.

Interest rate increases due specifically to County credit perceptions in the marketplace (and resulting mismatches between the County's bond payments and receipts based on a nationwide index) can be avoided by the County observing sound fiscal policies. The use of municipal bond insurance (and the insured AAA rating) on any underlying bonds should also allow the bonds to be remarketed at variable rates approximating the BMA index. As the 2006 Basis Swap payments/receipts do not rely on the specific credit perception of the County, only the general relationship of the tax-exempt and taxable indices utilized will impact the cashflow benefits.

2. **Counterparty Risk** is the risk that the swap counterparty will not perform pursuant to the swap contract's terms. Under the current County Swaps, for example, if RBC defaults and the County elects to terminate the swap, the County would return to (an unhedged) floating rate position, reassuming the original interest rate risk of the bonds. With regard to the 2006 Basis Swap, under the liquidated damages clause in the Swap Documents, an early termination of the agreement would require a payment (regardless of the cause of the termination or party at fault) (a) by the County to RBC if the long term % of LIBOR to BMA

ratio has increased or remained approximately the same, or (b) a payment by RBC to the County, if the long term % of LIBOR to BMA ratio has decreased since the date the 2006 Basis Swap was entered into. The overall market level of interest rates, while factoring into the termination payment, is not as significant as the ratio of BMA to LIBOR in determining the exposure of one party to the other under the 2006 Basis Swap.

RBC is the counterparty on a total of \$137,090,000 of swap contracts currently payable directly, or guaranteed, by the County. Some of that exposure is currently **offsetting** (some of the existing County swaps have additional swaps underlying them that counteract each other until December 1, 2008), for a net exposure of \$37,620,000. The addition of the 2006 Basis Swap will increase the principal amount of such swaps to total \$211,980,000 with a net exposure after June 1, 2006 of \$112,510,000. After December 1, 2008 however, the exposure will increase to \$162,245,000 (as 2000A and 2001 Term Period Floating Pay Swaps expire and some of the offsetting exposure is eliminated).

The County currently only has exposure to RBC in the County Swaps. RBC's credit rating is currently AA- by Moody's Investor's Service, Aa2 by Standard & Poor's Corporation and AA by Fitch Investors Service. These are relatively high ratings (in the second highest rating category), and compare favorably to other providers of such swaps of municipal obligations in Pennsylvania. RBC's credit ratings exceed the Debt Act's minimum credit rating requirement of "at least the third highest rating category from a nationally recognized rating agency". Nevertheless, the County should continuously monitor exposure levels, ratings thresholds and collateralization requirements, if necessary, on all County Swaps by regularly consulting with a qualified swap advisory firm.

3. **Termination Risk** is the risk that a swap could be terminated unintentionally and prematurely as a result of any of several events, which may include a covenant default by the counterparty (which would relate to counterparty risk), a credit rating downgrade against the County or RBC (due to financial distress or otherwise), bond payment defaults (cross defaults), and other specified termination events as defined in the swap documents. As stated above for counterparty risk, a premature termination, *regardless of fault or the party causing the termination*, could result in a termination payment being owed by the County dependent on the prevailing interest rate market in relation to the Fixed Payer and Fixed Receipt Swaps and the BMA/LIBOR ratio in relation to the 2006 Basis Swap. The party not causing the termination event typically has the option of terminating or not terminating the contract, but who makes the payment is determined entirely by market conditions.

The most common cause of unintended termination is a credit rating downgrade against one of the parties to the transaction. The existing and proposed County Swap Documents provide for a termination event if the County's credit rating falls below BBB/Baa2 (at RBC's option), or in the event RBC's credit rating falls below BBB/Baa2 (at the County's option).

The County's credit rating is currently AA- by Standard & Poor's Corporation, two grades above the termination rating. The County's finances are currently sound based upon analyses conducted by the various insurers of its Bonds within the past year, as well as analyses performed by Standard & Poor's in assigning these underlying ratings.

RBC's credit ratings of AA-/Aa2/AA, as previously discussed, are relatively high at two grades above the termination threshold. Swap documents can provide for collateralization from both the Counterparty or the Issuer that require a downgraded party to post marketable securities (such as treasury obligations) as collateral, held by a third party custodian at various rating levels triggered as a result of successive downgrades, that can be liquidated in the event of a termination. Collateral posted by the County is the subject of legal issues regarding the ability of a public body segregating funds for that purpose. IMAGE believes that given the credit rating of RBC and the County, the County need not require RBC to post collateral to support its obligations under the 2006 Basis Swap (and incur the resulting interest rate impact in the Fixed Spread receipt by RBC).

A schedule illustrating the consequences of terminating the County's Swaps prior to their expiration dates, including payments to be made or received by the County under various assumed interest rate environments, is included in Appendix D.

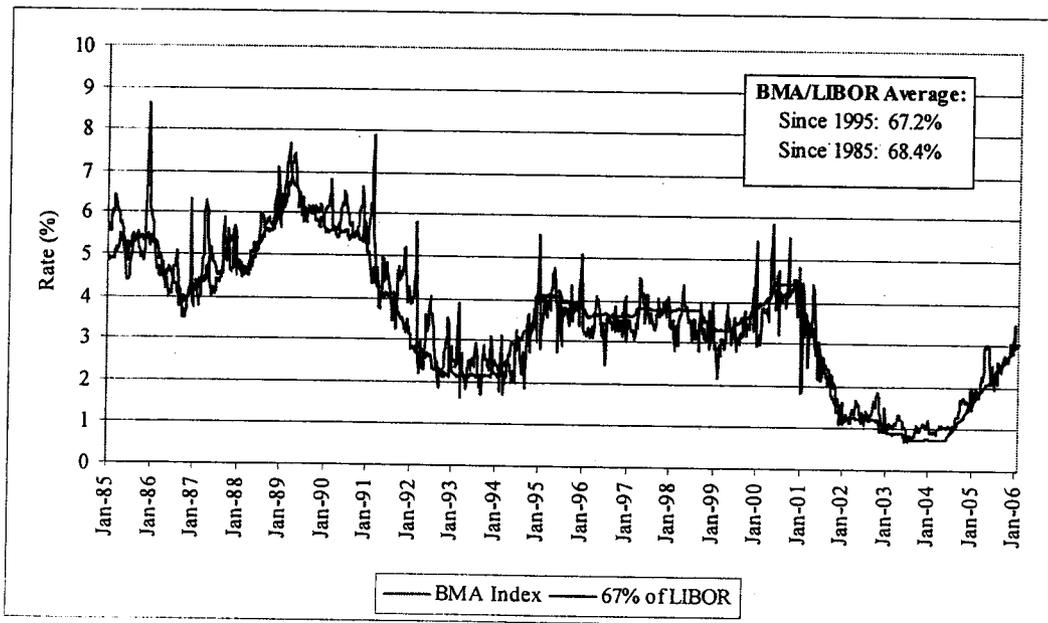
4. **Market Access Risk** is the risk that the County is unable to access the debt market when it has capital needs in the future in association with a swap transaction. This risk is subject to overall general market conditions as well as the County's credit at the time. Given the County's current rating and financial condition, market access risk appears to be minimal. This could change, however, if the County fails to continue observing prudent fiscal policies.,

The County is not assuming any additional Market Access Risk as a result of the 2006 Basis Swap. The County will be required to access the capital markets at end of the term rate period on December 1, 2008, to remarket the 2000A GASP Bonds and the 2001 GASP Bonds. Because the 2000A/2003 Bonds Fixed Pay Swaps are floating receipt swaps, these underlying bonds would need to be remarketed to a floating rate mode or one that would be created via another floating pay swap. If the bonds are remarketed in a floating rate mode, the

County would need to obtain a liquidity facility at that time (see Liquidity/Remarketing Risk below).

5. **Basis Risk** in relation to the County's current County Swaps is the risk of a mismatch between the monthly floating rate payments receivable by the County from the Counterparty and the monthly interest payments due on the County's floating rate obligations. If the floating swap payments by the Counterparty, based on 100% of the BMA index are less than what the County owes on its underlying bonds, it will be required to pay the difference in addition to the fixed payments due on the County Swaps. However, basis differential could increase if the County's financial situation deteriorates resulting in remarketing rates on the floating rate bonds which are higher than BMA, causing a negative mismatch of payments and receipts.

In relation to the 2006 Basis Swap, the County is assuming the risk that the relationship between taxable (LIBOR) and tax-exempt rates (BMA) changes considerably for a sustained period of time. Averaged over the past 10 years, while variances occur periodically 100% of BMA has equaled 67% of LIBOR (see below). It is impossible to predict the future relationship, however. The County will be exposed to Basis Risk under the 2006 Basis Swap to the extent that BMA trades at greater than expected percentages of LIBOR for extended periods of time and/or in a high interest rate environment. The most significant factor affecting any sustained long term basis differential would be a change in marginal tax rates. A more complete discussion of Tax Risk is contained elsewhere.



In the event Basis Risk begins to negatively impact the County to a significant degree, the County may elect to terminate its swap at any time in the future possibly resulting in a termination payment by the County to RBC,

6. **Tax Risk** is the risk all issuers of tax-exempt floating rate debt face, because the floating rate demanded by bondholders will increase if marginal income tax rates decline (and the benefit of tax exemption is reduced). This possibility of (primarily federal) tax law changes is known as tax risk, which also creates basis risk if the underlying index for the swap is based on taxable rates (such as LIBOR) and the bond payments are at tax-exempt rates. Using a percentage of the taxable LIBOR index (67% for example) to hedge tax-exempt obligations is a common strategy for municipal issuers, but it places tax risk with the issuer since the interest rate payments could increase following an adverse tax law change, but the taxable rate index would not increase the payments receivable by the issuer (creating the mismatch described above).

The County's Fixed Pay Swaps are based on the BMA Index, which is an index of tax-exempt interest rates, and payments to the County would increase following an adverse tax law change commensurate with the tax-exempt bond rates it is paying. Hence, tax risk is not material for the County's Fixed Pay Swaps. If however, the swap transactions are terminated the County would reassume tax risk inherent in unhedged floating rate tax-exempt bonds.

**The 2006 Basis Swap is primarily based upon the County assuming Tax Risk.** In the 2006 Basis Swap, the County will receive a payment equal to 67% of LIBOR plus a Fixed Spread and make a payment equal to 100% of BMA. As the relationship of BMA to LIBOR (historically it has approximated 67%) is based primarily on the benefit received by holders of tax-exempt debt, any change in the benefit of tax-exemption will result in a concurrent change of the benefit of the 2006 Basis Swap. Any decrease in marginal tax rates (from the current top rate of 35%), or similar tax law changes, will negatively impact the cashflow benefit resulting from the 2006 Basis Swap. Alternatively, any increase in marginal tax rates will positively impact the cashflow benefit. There can be no assurances that marginal tax rates or the benefit of tax exemption on municipal bonds will not change during the life of the 2006 Basis Swap. In addition, as was discussed previously, Tax Risk and Basis Risk is increased as the level of interest rates rises resulting in the possibility of larger negative (or positive) cashflows from the 2006 Basis Swap. Although no representation can be made in regards to future tax changes, the overall risk to the County is reduced as the underlying 2006 Bonds amortize (and resulting amortization of the 2006 Basis Swap occurs) and is also mitigated as time elapses the present value cost of any negative tax changes is less in the future.

7. **Liquidity/Remarketing Risk** is the risk that the County will be unable to obtain a reasonably priced renewal of existing Standby Bond Purchase Agreements or new letters or line of credit to support the County's obligation to purchase bonds that are tendered and cannot be remarketed. A required remarketing will also occur at the end of the term rate period on December 1, 2008, for the 2000A GASP Bonds and the 2001 GASP Bonds. This risk exists independently of the 2000A/2003 Bonds Fixed Pay Swaps, however in the event that liquidity is not available and the underlying bonds would have be retired (presumably with fixed rate refunding bonds) which, under the Debt Act, would require the related swap(s) to be terminated. A termination payment might then be due depending on the general level of interest rates at the time. A strategy similar to that which was utilized to create a synthetic floating rate (eliminating the need for a liquidity facility) under the 2000A/2001 Term Period Floating Pay Swap could be utilized. The 2006 Basis Swap does not introduce any additional Liquidity/Remarketing Risk to the County as the underlying 2006 Bonds were issued as fixed rate securities. In any event, IMAGE does not believe Liquid/Remarketing Risk is material for the County.
8. **Amortization Risk** is the risk of the County facing a termination payment resulting from the remaining notional amount of an outstanding swap exceeding the outstanding principal amount of the underlying bonds. Under the Debt Act the notional amount of a swap cannot exceed the outstanding principal amount of the underlying bonds. As has occurred with all of the County's previous Swaps, the scheduled reduction in the notional amounts of the 2006 Basis Swap does mirror the principal amortization of the 2006 Bonds. However, if the County prepays any of the 2006 Bonds, it would be forced to terminate at least a matched portion of the 2006 Basis Swap which could trigger a payment by the County in an unfavorable market conditions. This could impact the County's ability to optionally redeem the 2006 Bonds in connection with a cash defeasance or refunding.

The Swap Documents contain a provision which allows the 2006 Basis Swap to also apply to bonds which are issued by the County refund the 2006 Bonds. To avoid a termination payment, the annual maturities of the refunding bonds could not be less than the scheduled annual notional amounts remaining on the 2006 Basis Swap. Any principal maturities on the refunding bond that exceed the notional amounts of the 2006 Basis Swap would not be covered by that transaction.

## VI. ONGOING MONITORING

Appendix A and C contain schedules of the fixed, estimated and maximum net scheduled periodic payments (a) due under the 2006 Basis Swap, (b) due on all indebtedness issued or guaranteed by the County and (c) due under all other County

Swaps. The 2003A and B YCIDA Bonds and corresponding 2003B YCIDA Bonds Fixed Pay Swap are illustrated for information purposes, but are self-liquidating from non-County revenues.

The Debt Act requires the County to monitor and disclose certain information relating to interest rate risk, basis risk, termination risk, credit risk, market-access risk and other risks, including the valuation of the market and termination cost/value of the 2000A/2003 Bonds Fixed Pay Swaps and all other swaps payable by the County. The County has retained DerivActiv, (of which IMAGE is a co-owner) a qualified swap monitor to monitor, report and document the following items, including coordinating such matters with the County's auditors and financial personnel, on no less than an annual basis:

1. Maintain a database of existing County Swaps including a description of all outstanding interest rate swap agreements, including bond series, type of swap, rates paid and received by the County, total notional amount, average life of each swap agreement, remaining term of each swap agreement.
2. Material changes to swap agreements
3. Termination exposure of each of the County Swaps
4. Credit rating of RBC or other swap counterparty
5. If applicable, information concerning any potential or actual default by a swap counterparty under the swap documents, including but not limited to the financial impact to the County.
6. If applicable, information concerning any potential or actual default by County to a swap counterparty under the swap documents, including but not limited to the financial impact to the County.
7. Assist in an election to terminate any of the County Swaps

DerivActiv provides these services in a separate engagement with the County and is available to assist the County in its monitoring and reporting responsibilities.

## **VII. FAIR AND REASONABLENESS OPINION TO BE RENDERED BY IMAGE**

For a swap transaction to be considered a Qualified Interest Rate Management Plan under the Debt Act, an Independent Financial Advisor (as defined in the Debt Act) must render an opinion to the Local Government Unit that the "financial terms and conditions" of the transaction, including the interest rate to be paid or received, are "fair and reasonable to the local government unit as of the date of the award". IMAGE regularly monitors and oversees swap transactions by municipal entities throughout the United States and is familiar with the methodology for pricing such transactions.

Because the County has elected to enter into the 2006 Basis Swap on a negotiated basis, and the inherent complexity of such transaction, it must rely on IMAGE to assure that the County is receiving fair and reasonable pricing and terms, consistent with the facts and circumstances of the trade. A representative of IMAGE will be present on the recorded conference call during which the final terms (particularly the interest rates to be paid by the County) will be confirmed and accepted by a County representative. At that time the IMAGE representative will orally confirm the fairness and reasonableness of the financial terms, which will subsequently be confirmed in a written opinion of the firm.

Appendix E contains the substantial form of Opinion proposed to be rendered by IMAGE to the County to comply with the requirements of the Debt Act and provide comfort to the County that the ultimate pricing of the 2006 Basis Swap will be fair and reasonable.

**Appendix A**

**Current Debt Service on All Outstanding Bonds Issued or Guaranteed by the County**

COUNTY OF YORK, PENNSYLVANIA  
 General Obligation Bonds, Series of 2000  
 Semiannual Debt Service Payment Schedules

Date	Principal Maturity	Coupon	Interest 30/360 Day Basis	Debt Service	Annual Debt Service
12/1/2005	180,000	4.650%	23,351.25	203,351.25	203,351.25
6/1/2006	180,000	4.650%	19,166.25	19,166.25	222,517.50
12/1/2006	185,000	4.700%	19,166.25	204,166.25	218,985.00
6/1/2007	185,000	4.750%	14,818.75	209,818.75	220,006.25
12/1/2007	205,000	4.800%	10,187.50	215,187.50	220,455.00
6/1/2008	205,000	4.800%	5,267.50	220,267.50	220,267.50
12/1/2008	215,000	4.900%	5,267.50	220,267.50	220,267.50
6/1/2009					
12/1/2009					
6/1/2010					
12/1/2010					
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12/1/2011					
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6/1/2032					
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12/1/2033					
	980,000		122,231.25	1,102,231.25	1,102,231.25

Investment Management Advisory Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 GASP - Series A of 2000  
 Semiannual Debt Service Payment Schedules

Date	Principal Maturity	Coupon	VRDB Interest	Liquidity 0.20%	Remarking 0.10%	2004 Fixed Conversion 4.50%	2004 Fixed Receipt 2.51%	2004 Swap Pay BMA 3.00%	2005 Swap Fixed Pay 4.335%	2005 Swap Rec. BMA 3.00%	Debt Service	Annual Debt Service
12/1/2005												
6/1/2006												
12/1/2006												
6/1/2007												
12/1/2007												
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12/1/2033												
12/1/2005	19,090,000		7,304,445.00	485,765.55	239,480.00	2,577,150.00	(1,437,477.00)	1,718,100.00	12,450,770.25	(8,616,450.00)	33,811,793.80	33,811,793.80

Assumptions:  
 BMA and County VRDBs trade flat at average BMA since 1990.  
 Remarking and Liquidity available at assumed rates.

Date	Principal Maturity	Coupon	VRDB Interest	Liquidity 0.20%	Remarketing 0.10%	2003 Swap Fixed Pay 4.050%	2003 Swap Rec. BMA 3.00%	2004 Fixed Converter 4.50%	2004 Swap Receipt 2.51%	2004 Swap Pay BMA 3.00%	Debt Service	Annual Debt Service
12/1/2005						622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	927,011.25	1,854,022.50
6/1/2006						622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	927,011.25	1,854,022.50
12/1/2006						622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	927,011.25	1,854,022.50
6/1/2007						622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	927,011.25	1,854,022.50
12/1/2007						622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	927,011.25	1,854,022.50
6/1/2008						622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	927,011.25	1,854,022.50
12/1/2008	435,000	3.050%	467,336.25	31,079.14	15,322.50	622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	1,111,156.39	1,777,714.86
6/1/2009		3.050%	460,702.50	30,637.98	15,105.00	622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	666,558.48	1,787,857.11
12/1/2009	465,000	3.050%	460,702.50	30,637.98	15,105.00	622,093.50	(459,675.00)	689,512.50	(384,594.75)	459,675.00	1,131,558.48	2,016,711.08
6/1/2010		3.050%	453,611.25	30,166.39	14,872.50	603,823.50	(446,175.00)	689,512.50	(384,594.75)	459,675.00	1,376,298.64	2,024,056.11
12/1/2010	720,000	3.050%	453,611.25	30,166.39	14,872.50	603,823.50	(446,175.00)	689,512.50	(384,594.75)	459,675.00	1,400,412.44	2,034,525.69
6/1/2011		3.050%	442,631.25	29,438.19	14,512.50	589,207.50	(435,375.00)	689,512.50	(384,594.75)	459,675.00	1,428,643.67	2,047,899.17
12/1/2011	760,000	3.050%	442,631.25	29,438.19	14,512.50	589,207.50	(435,375.00)	689,512.50	(384,594.75)	459,675.00	1,497,017.15	2,063,955.92
6/1/2012		3.050%	431,041.25	28,665.42	14,132.50	573,779.50	(423,975.00)	689,512.50	(384,594.75)	459,675.00	1,526,838.78	2,072,695.83
12/1/2012	805,000	3.050%	431,041.25	28,665.42	14,132.50	573,779.50	(423,975.00)	689,512.50	(384,594.75)	459,675.00	1,560,757.16	2,084,119.20
6/1/2013		3.050%	418,765.00	27,849.02	13,730.00	557,438.00	(411,900.00)	689,512.50	(384,594.75)	459,675.00	1,598,862.03	2,098,005.09
12/1/2013	855,000	3.050%	418,765.00	27,849.02	13,730.00	557,438.00	(411,900.00)	689,512.50	(384,594.75)	459,675.00	1,639,645.05	2,114,132.96
6/1/2014		3.050%	405,728.25	26,981.90	13,302.50	540,081.50	(398,075.00)	689,512.50	(384,594.75)	459,675.00	1,679,489.90	2,127,392.49
12/1/2014	910,000	3.050%	405,728.25	26,981.90	13,302.50	540,081.50	(398,075.00)	689,512.50	(384,594.75)	459,675.00	1,727,902.58	2,147,563.03
6/1/2015		3.050%	391,848.75	26,059.01	12,847.50	521,608.50	(385,425.00)	689,512.50	(384,594.75)	459,675.00	1,769,660.45	2,159,534.28
12/1/2015	960,000	3.050%	391,848.75	26,059.01	12,847.50	521,608.50	(385,425.00)	689,512.50	(384,594.75)	459,675.00	1,824,873.83	2,183,085.57
6/1/2016		3.050%	377,208.75	25,085.41	12,387.50	502,120.50	(371,025.00)	689,512.50	(384,594.75)	459,675.00	1,873,211.75	2,197,996.28
12/1/2016	1,015,000	3.050%	377,208.75	25,085.41	12,387.50	502,120.50	(371,025.00)	689,512.50	(384,594.75)	459,675.00	1,934,784.53	2,224,045.76
6/1/2017		3.050%	361,730.00	24,056.03	11,860.00	481,516.00	(355,800.00)	689,512.50	(384,594.75)	459,675.00	1,989,261.23	2,241,013.37
12/1/2017	1,075,000	3.050%	361,730.00	24,056.03	11,860.00	481,516.00	(355,800.00)	689,512.50	(384,594.75)	459,675.00	2,051,752.14	2,263,788.78
6/1/2018		3.050%	345,336.25	22,965.80	11,322.50	459,693.50	(339,675.00)	689,512.50	(384,594.75)	459,675.00	2,117,036.64	2,287,041.05
12/1/2018	1,140,000	3.050%	345,336.25	22,965.80	11,322.50	459,693.50	(339,675.00)	689,512.50	(384,594.75)	459,675.00	2,170,004.40	2,305,659.83
6/1/2019		3.050%	327,951.25	21,809.65	10,752.50	436,551.50	(322,575.00)	689,512.50	(384,594.75)	459,675.00	2,243,525.00	2,334,314.18
12/1/2019	1,205,000	3.050%	327,951.25	21,809.65	10,752.50	436,551.50	(322,575.00)	689,512.50	(384,594.75)	459,675.00	2,295,655.43	2,364,656.75
6/1/2020		3.050%	309,575.00	20,567.58	10,150.00	412,090.00	(304,500.00)	689,512.50	(384,594.75)	459,675.00	2,358,211.75	2,398,005.09
12/1/2020	1,260,000	3.050%	309,575.00	20,567.58	10,150.00	412,090.00	(304,500.00)	689,512.50	(384,594.75)	459,675.00	2,417,563.03	2,427,392.49
6/1/2021		3.050%	290,055.00	19,289.45	9,510.00	386,106.00	(285,300.00)	689,512.50	(384,594.75)	459,675.00	2,473,211.75	2,459,534.28
12/1/2021	1,350,000	3.050%	290,055.00	19,289.45	9,510.00	386,106.00	(285,300.00)	689,512.50	(384,594.75)	459,675.00	2,538,211.75	2,498,005.09
6/1/2022		3.050%	269,467.50	17,920.33	8,835.00	358,701.00	(265,050.00)	689,512.50	(384,594.75)	459,675.00	2,603,211.75	2,534,314.18
12/1/2022	1,435,000	3.050%	269,467.50	17,920.33	8,835.00	358,701.00	(265,050.00)	689,512.50	(384,594.75)	459,675.00	2,677,211.75	2,578,085.57
6/1/2023		3.050%	247,583.75	16,465.00	8,117.50	329,570.50	(243,525.00)	689,512.50	(384,594.75)	459,675.00	2,749,211.75	2,624,045.76
12/1/2023	1,515,000	3.050%	247,583.75	16,465.00	8,117.50	329,570.50	(243,525.00)	689,512.50	(384,594.75)	459,675.00	2,824,211.75	2,673,996.28
6/1/2024		3.050%	224,480.00	14,928.53	7,360.00	298,816.00	(220,800.00)	689,512.50	(384,594.75)	459,675.00	2,903,211.75	2,724,045.76
12/1/2024	1,610,000	3.050%	224,480.00	14,928.53	7,360.00	298,816.00	(220,800.00)	689,512.50	(384,594.75)	459,675.00	2,987,211.75	2,778,085.57
6/1/2025		3.050%	199,827.50	13,295.73	6,555.00	266,133.00	(196,650.00)	689,512.50	(384,594.75)	459,675.00	3,070,211.75	2,834,314.18
12/1/2025	1,700,000	3.050%	199,827.50	13,295.73	6,555.00	266,133.00	(196,650.00)	689,512.50	(384,594.75)	459,675.00	3,163,211.75	2,898,005.09
6/1/2026		3.050%	174,002.50	11,571.84	5,705.00	231,623.00	(171,150.00)	689,512.50	(384,594.75)	459,675.00	3,258,211.75	2,963,996.28
12/1/2026	1,800,000	3.050%	174,002.50	11,571.84	5,705.00	231,623.00	(171,150.00)	689,512.50	(384,594.75)	459,675.00	3,358,211.75	3,034,314.18
6/1/2027		3.050%	146,552.50	9,746.14	4,805.00	195,083.00	(144,150.00)	689,512.50	(384,594.75)	459,675.00	3,463,211.75	3,114,045.76
12/1/2027	1,905,000	3.050%	146,552.50	9,746.14	4,805.00	195,083.00	(144,150.00)	689,512.50	(384,594.75)	459,675.00	3,573,211.75	3,198,085.57
6/1/2028		3.050%	117,501.25	7,814.15	3,852.50	156,411.50	(115,575.00)	689,512.50	(384,594.75)	459,675.00	3,693,211.75	3,287,041.05
12/1/2028	2,010,000	3.050%	117,501.25	7,814.15	3,852.50	156,411.50	(115,575.00)	689,512.50	(384,594.75)	459,675.00	3,818,211.75	3,384,314.18
6/1/2029		3.050%	86,848.75	5,775.68	2,847.50	115,608.50	(85,425.00)	689,512.50	(384,594.75)	459,675.00	3,948,211.75	3,493,996.28
12/1/2029	2,130,000	3.050%	86,848.75	5,775.68	2,847.50	115,608.50	(85,425.00)	689,512.50	(384,594.75)	459,675.00	4,083,211.75	3,614,045.76
6/1/2030		3.050%	54,366.25	3,615.50	1,822.50	72,369.50	(53,475.00)	689,512.50	(384,594.75)	459,675.00	4,193,211.75	3,743,996.28
12/1/2030	3,565,000	3.050%	54,366.25	3,615.50	1,822.50	72,369.50	(53,475.00)	689,512.50	(384,594.75)	459,675.00	4,308,211.75	3,884,045.76
6/1/2031			-	-	-	-	-	-	-	-	-	-
12/1/2031			-	-	-	-	-	-	-	-	-	-
6/1/2032			-	-	-	-	-	-	-	-	-	-
12/1/2032			-	-	-	-	-	-	-	-	-	-
6/1/2033			-	-	-	-	-	-	-	-	-	-
12/1/2033			-	-	-	-	-	-	-	-	-	-
	30,645,000		13,541,161.25	800,524.22	443,972.50	21,757,844.50	(16,077,225.00)	4,137,075.00	(2,307,568.50)	2,759,050.00	55,798,833.97	55,798,833.97

Assumptions:  
 BMA and County VRDBs trade flat at average BMA since 1990.  
 Remarketing and Liquidity available at assumed rates.

Investment Management Advisory Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 General Obligation Bonds, Series of 2002  
 Semiannual Debt Service Payment Schedules

Date	Principal Maturity	Coupon	Interest	Debt Service	Annual Debt Service
10/1/2005			358,125.00	358,125.00	3,326,250.00
4/1/2006		6.25%	358,125.00	2,968,125.00	
10/1/2006	2,610,000		276,562.50	276,562.50	
4/1/2007		6.25%	276,562.50	3,051,562.50	3,326,125.00
10/1/2007	2,775,000		189,843.75	189,843.75	
4/1/2008		6.25%	189,843.75	3,134,843.75	3,324,687.50
10/1/2008	2,945,000		97,812.50	97,812.50	
4/1/2009		6.25%	97,812.50	3,227,812.50	3,325,625.00
10/1/2009	3,130,000		-	-	
4/1/2010		-	-	-	
10/1/2010		-	-	-	
4/1/2011		-	-	-	
10/1/2011		-	-	-	
4/1/2012		-	-	-	
10/1/2012		-	-	-	
4/1/2013		-	-	-	
10/1/2013		-	-	-	
4/1/2014		-	-	-	
10/1/2014		-	-	-	
4/1/2015		-	-	-	
10/1/2015		-	-	-	
4/1/2016		-	-	-	
10/1/2016		-	-	-	
4/1/2017		-	-	-	
10/1/2017		-	-	-	
4/1/2018		-	-	-	
10/1/2018		-	-	-	
4/1/2019		-	-	-	
10/1/2019		-	-	-	
4/1/2020		-	-	-	
10/1/2020		-	-	-	
4/1/2021		-	-	-	
10/1/2021		-	-	-	
4/1/2022		-	-	-	
10/1/2022		-	-	-	
4/1/2023		-	-	-	
10/1/2023		-	-	-	
4/1/2024		-	-	-	
10/1/2024		-	-	-	
4/1/2025		-	-	-	
10/1/2025		-	-	-	
4/1/2026		-	-	-	
10/1/2026		-	-	-	
4/1/2027		-	-	-	
10/1/2027		-	-	-	
4/1/2028		-	-	-	
10/1/2028		-	-	-	
4/1/2029		-	-	-	
10/1/2029		-	-	-	
4/1/2030		-	-	-	
10/1/2030		-	-	-	
4/1/2031		-	-	-	
10/1/2031		-	-	-	
4/1/2032		-	-	-	
10/1/2032		-	-	-	
4/1/2033		-	-	-	
10/1/2033		-	-	-	
	11,460,000		1,844,687.50	13,304,687.50	13,304,687.50

Date	Principal Maturity	Coupon	VRDB Interest	Liquidity 0.20%	Remarketing 0.10%	2005 Swap Fixed Pay 4.430%	2005 Swap Rec. BMA 3.00%	Debt Service	Annual Debt Service
12/1/2005		3.000%	489,300.00	33,085.71	16,310.00		(489,225.00)	543,705.71	
6/1/2006	5,000	3.000%	489,225.00	33,080.64	16,307.50	722,422.25	(489,225.00)	771,820.39	1,315,526.09
12/1/2006		3.000%	489,225.00	33,080.64	16,305.00	722,311.50	(489,150.00)	778,820.39	
6/1/2007	5,000	3.000%	488,150.00	33,085.56	16,305.00	722,311.50	(489,150.00)	771,702.06	1,548,522.45
12/1/2007		3.000%	489,075.00	33,080.49	16,302.50	722,200.75	(489,075.00)	776,702.06	
6/1/2008	5,000	3.000%	489,075.00	33,080.49	16,302.50	722,200.75	(489,075.00)	771,563.74	1,548,285.80
12/1/2008		3.000%	489,000.00	33,075.42	16,300.00	722,080.00	(489,000.00)	776,593.74	
6/1/2010	330,000	3.000%	489,000.00	33,075.42	16,300.00	722,080.00	(489,000.00)	771,465.42	1,548,049.16
12/1/2010		3.000%	484,050.00	32,740.60	16,135.00	714,780.50	(484,050.00)	763,656.10	1,865,121.52
6/1/2011	345,000	3.000%	478,875.00	32,380.57	15,882.50	707,138.75	(478,875.00)	755,481.82	1,864,147.83
12/1/2011		3.000%	473,475.00	32,025.32	15,782.50	699,164.75	(473,475.00)	746,972.57	1,862,464.40
6/1/2012	360,000	3.000%	468,000.00	31,655.00	15,600.00	691,080.00	(468,000.00)	738,335.00	1,850,307.57
12/1/2012		3.000%	462,300.00	31,269.46	15,410.00	682,663.00	(462,300.00)	729,342.46	1,847,677.48
6/1/2013	365,000	3.000%	456,450.00	30,873.77	15,215.00	674,024.50	(456,450.00)	720,113.27	1,839,455.73
12/1/2013		3.000%	450,375.00	30,482.86	15,012.50	665,933.75	(450,375.00)	710,529.11	1,835,642.38
6/1/2014	380,000	3.000%	444,075.00	30,036.74	14,802.50	657,500.00	(444,075.00)	700,589.99	1,831,119.10
12/1/2014		3.000%	437,625.00	29,600.47	14,587.50	646,226.25	(437,625.00)	690,414.22	1,821,004.21
6/1/2015	390,000	3.000%	430,950.00	29,148.88	14,365.00	636,359.50	(430,950.00)	679,683.48	1,815,297.70
12/1/2015		3.000%	424,050.00	28,682.27	14,135.00	626,180.50	(424,050.00)	668,997.77	1,808,881.25
6/1/2016	405,000	3.000%	417,000.00	28,205.42	13,900.00	615,770.00	(417,000.00)	657,875.42	1,796,873.19
12/1/2016		3.000%	409,725.00	27,713.34	13,657.50	605,027.25	(409,725.00)	646,398.09	1,789,273.51
6/1/2017	420,000	3.000%	402,150.00	27,200.88	13,405.00	593,841.50	(402,150.00)	634,447.48	1,785,845.57
12/1/2017		3.000%	396,450.00	26,709.98	13,150.00	582,442.84	(396,450.00)	623,047.48	3,001,890.32
6/1/2018	430,000	3.000%	388,450.00	26,200.99	12,900.00	571,044.50	(388,450.00)	611,647.48	2,947,171.11
12/1/2018		3.000%	380,925.00	25,688.77	12,650.00	560,246.25	(380,925.00)	600,246.25	2,891,032.03
6/1/2019	445,000	3.000%	372,875.00	25,175.00	12,400.00	549,448.50	(372,875.00)	588,848.50	2,838,354.75
12/1/2019		3.000%	364,825.00	24,662.27	12,150.00	538,650.25	(364,825.00)	577,448.50	2,779,139.27
6/1/2020	460,000	3.000%	356,775.00	24,150.00	11,900.00	527,852.50	(356,775.00)	566,048.50	2,718,503.92
12/1/2020		3.000%	348,725.00	23,637.77	11,650.00	517,054.75	(348,725.00)	554,648.50	2,656,448.69
6/1/2021	1,775,000	3.000%	320,925.00	21,707.01	10,697.50	473,898.25	(320,925.00)	506,303.76	2,602,736.94
12/1/2021		3.000%	292,875.00	19,809.74	9,762.50	432,478.75	(292,875.00)	462,050.99	2,547,703.89
6/1/2022	1,805,000	3.000%	284,375.00	17,882.03	8,812.50	390,393.75	(284,375.00)	417,088.28	2,492,159.24
12/1/2022		3.000%	235,425.00	15,823.89	7,847.50	347,844.25	(235,425.00)	371,415.64	2,437,703.89
6/1/2023	1,835,000	3.000%	206,025.00	13,935.30	6,867.50	304,230.25	(206,025.00)	325,033.05	2,382,736.94
12/1/2023		3.000%	176,025.00	11,906.14	5,887.50	259,930.25	(176,025.00)	277,703.89	2,327,736.94
6/1/2024	5,770,000	3.000%	89,475.00	6,051.89	2,982.50	132,124.75	(89,475.00)	141,159.24	2,272,736.94
12/1/2024		3.000%	89,475.00	6,051.89	2,982.50	132,124.75	(89,475.00)	141,159.24	2,217,736.94
6/1/2025	32,620,000		21,498,600.00	1,454,141.42	7,16,620.00	31,023,733.00	(21,000,000.00)	66,303,794.42	66,303,794.42

Assumptions:  
 BMA and County VRDBs trade flat at average BMA since 1990.  
 Remarketing and Liquidity available at assumed rates.  
 Fixed pay swap becomes effective June 1, 2006

Investment Management Advisory Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 General Obligation Bonds, Series of 2003  
 Semiannual Debt Service Payment Schedules

Date	Principal Maturity	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2005	5,000	1.500%	513,917.50	518,917.50	518,917.50
6/1/2006	5,000	1.500%	513,860.00	513,860.00	1,032,797.50
12/1/2006	5,000	1.900%	513,880.00	518,880.00	1,032,712.50
6/1/2007	5,000	2.250%	513,852.50	513,852.50	1,032,608.75
12/1/2007	5,000	2.600%	513,776.25	518,776.25	1,032,487.50
6/1/2008	5,000	3.500%	513,711.25	513,711.25	2,063,960.00
12/1/2008	1,055,000	3.200%	495,248.75	1,568,711.25	2,048,297.50
6/1/2010	1,075,000	3.750%	478,048.75	1,570,248.75	2,030,566.25
12/1/2010	1,085,000	4.000%	478,048.75	1,573,048.75	2,022,435.00
6/1/2011	1,130,000	4.000%	457,517.50	1,587,517.50	2,006,635.00
12/1/2011	1,160,000	5.000%	434,917.50	1,594,917.50	1,988,560.00
6/1/2012	1,185,000	5.000%	411,717.50	1,606,717.50	1,967,810.00
12/1/2012	1,235,000	5.000%	381,842.50	1,616,842.50	1,949,935.00
6/1/2013	1,280,000	5.000%	350,967.50	1,630,967.50	1,834,685.00
12/1/2013	1,330,000	5.000%	318,967.50	1,648,967.50	1,816,935.00
6/1/2014	1,380,000	5.000%	285,717.50	1,665,717.50	1,801,810.00
12/1/2014	1,425,000	5.000%	251,217.50	1,676,217.50	1,878,060.00
6/1/2015	1,485,000	4.550%	215,592.50	1,700,592.50	1,857,013.75
12/1/2015	1,555,000	4.550%	178,467.50	1,713,467.50	1,821,375.00
6/1/2016	1,570,000	4.650%	143,546.25	1,713,546.25	567,287.50
12/1/2016	1,570,000	4.700%	107,828.75	1,713,546.25	569,987.50
6/1/2017	360,000	4.700%	99,458.75	1,713,546.25	571,657.50
12/1/2017	380,000	4.700%	90,528.75	1,713,546.25	572,387.50
6/1/2018	400,000	4.700%	81,128.75	1,713,546.25	572,177.50
12/1/2018	420,000	4.700%	71,258.75	1,713,546.25	575,793.75
6/1/2019	440,000	4.750%	60,918.75	1,713,546.25	575,231.25
12/1/2019	465,000	4.750%	49,875.00	1,713,546.25	574,600.00
6/1/2020	485,000	4.750%	38,356.25	1,713,546.25	579,662.50
12/1/2020	510,000	4.750%	26,243.75	1,713,546.25	578,418.75
6/1/2021	540,000	4.750%	13,418.75	1,713,546.25	
12/1/2021	565,000	4.750%	13,418.75	1,713,546.25	
6/1/2022					
12/1/2022					
6/1/2023					
12/1/2023					
6/1/2024					
12/1/2024					
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6/1/2031					
12/1/2031					
6/1/2032					
12/1/2032					
6/1/2033					
12/1/2033					
	22,535,000		14,709,867.50	37,244,867.50	37,244,867.50

Date	Principal Maturity	Variable Rate Paid (1)	Interest on Bonds	Liquidity @ 0.20%	Remarketing @ 0.125%	Debt Service	Annual Debt Service
12/1/2005	-	-	-	-	-	-	-
6/1/2006	-	4.500%	45,000.00	2,038.33	1,250.00	48,286.33	96,576.67
12/1/2006	-	-	45,000.00	2,038.33	1,250.00	48,286.33	96,576.67
6/1/2007	-	4.500%	45,000.00	2,038.33	1,250.00	48,286.33	96,576.67
12/1/2007	-	-	45,000.00	2,038.33	1,250.00	48,286.33	96,576.67
6/1/2008	-	4.500%	45,000.00	2,038.33	1,250.00	48,286.33	96,576.67
12/1/2008	-	-	45,000.00	2,038.33	1,250.00	48,286.33	96,576.67
6/1/2009	470,000	4.500%	45,000.00	2,038.33	1,250.00	518,286.33	566,576.67
12/1/2009	-	-	45,000.00	2,038.33	1,250.00	518,286.33	566,576.67
6/1/2010	480,000	4.500%	34,425.00	1,559.33	855.25	38,940.58	563,881.15
12/1/2010	-	-	34,425.00	1,559.33	855.25	38,940.58	563,881.15
6/1/2011	510,000	4.500%	23,400.00	1,069.93	690.00	25,109.93	560,219.87
12/1/2011	-	-	23,400.00	1,069.93	690.00	25,109.93	560,219.87
6/1/2012	530,000	4.500%	11,925.00	540.16	331.25	12,796.41	555,592.82
12/1/2012	-	-	11,925.00	540.16	331.25	12,796.41	555,592.82
6/1/2013	-	-	-	-	-	-	-
12/1/2013	-	-	-	-	-	-	-
6/1/2014	-	-	-	-	-	-	-
12/1/2014	-	-	-	-	-	-	-
6/1/2015	-	-	-	-	-	-	-
12/1/2015	-	-	-	-	-	-	-
6/1/2016	-	-	-	-	-	-	-
12/1/2016	-	-	-	-	-	-	-
6/1/2017	-	-	-	-	-	-	-
12/1/2017	-	-	-	-	-	-	-
6/1/2018	-	-	-	-	-	-	-
12/1/2018	-	-	-	-	-	-	-
6/1/2019	-	-	-	-	-	-	-
12/1/2019	-	-	-	-	-	-	-
6/1/2020	-	-	-	-	-	-	-
12/1/2020	-	-	-	-	-	-	-
6/1/2021	-	-	-	-	-	-	-
12/1/2021	-	-	-	-	-	-	-
6/1/2022	-	-	-	-	-	-	-
12/1/2022	-	-	-	-	-	-	-
6/1/2023	-	-	-	-	-	-	-
12/1/2023	-	-	-	-	-	-	-
6/1/2024	-	-	-	-	-	-	-
12/1/2024	-	-	-	-	-	-	-
6/1/2025	-	-	-	-	-	-	-
12/1/2025	-	-	-	-	-	-	-
6/1/2026	-	-	-	-	-	-	-
12/1/2026	-	-	-	-	-	-	-
6/1/2027	-	-	-	-	-	-	-
12/1/2027	-	-	-	-	-	-	-
6/1/2028	-	-	-	-	-	-	-
12/1/2028	-	-	-	-	-	-	-
6/1/2029	-	-	-	-	-	-	-
12/1/2029	-	-	-	-	-	-	-
6/1/2030	-	-	-	-	-	-	-
12/1/2030	-	-	-	-	-	-	-
6/1/2031	-	-	-	-	-	-	-
12/1/2031	-	-	-	-	-	-	-
6/1/2032	-	-	-	-	-	-	-
12/1/2032	-	-	-	-	-	-	-
6/1/2033	-	-	-	-	-	-	-
12/1/2033	-	-	-	-	-	-	-
6/1/2034	-	-	-	-	-	-	-
12/1/2034	-	-	-	-	-	-	-
6/1/2035	-	-	-	-	-	-	-
12/1/2035	-	-	-	-	-	-	-
6/1/2036	-	-	-	-	-	-	-
12/1/2036	-	-	-	-	-	-	-
	2,000,000		489,500.00	22,625.50	13,875.00	2,536,000.50	2,536,000.50

(1) Expected variable interest rates based on taxable average rates since 1990.

Investment Management Advisory Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 Series of 2003B (YCIDA)  
 Semiannual Debt Service Payment Schedules

Date	Principal Maturity	Coupon (1)	Interest	Liquidity @ 0.20% (2)	Remarketing @ 0.125% (2)	Swap Notional (3)	Variable Rate Rec'd on Swap (1)	Interest on Rec'd. on Swap	Fixed Rate Paid on Swap (4)	Interest on Paid. on Swap	Debt Service	Annual Debt Service
12/1/2005		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
6/1/2006		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
12/1/2006		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
6/1/2007		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
12/1/2007		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
6/1/2008		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
12/1/2008		4.500%	188,437.50	8,535.52	5,234.38	2,000,000	4.500%	(112,500.00)	4.710%	117,750.00	207,457.40	414,914.79
6/1/2009		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
12/1/2009		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
6/1/2010		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
12/1/2010		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
6/1/2011		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
12/1/2011		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
6/1/2012		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
12/1/2012		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
6/1/2013		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
12/1/2013		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
6/1/2014		4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
12/1/2014		4.500%	188,437.50	8,535.52	5,234.38	3,000,000	4.500%	(67,500.00)	4.710%	70,650.00	205,357.40	410,714.79
6/1/2015	375,000	4.500%	188,437.50	8,535.52	5,234.38	-	4.500%	5,000.00	4.710%	70,650.00	577,207.40	770,360.73
12/1/2015		4.500%	180,000.00	8,153.33	5,000.00	-	4.500%	5,000.00	4.710%	70,650.00	583,153.33	776,890.44
6/1/2016	390,000	4.500%	180,000.00	8,153.33	5,000.00	-	4.500%	5,000.00	4.710%	70,650.00	593,737.11	786,890.44
12/1/2016		4.500%	171,225.00	7,755.86	4,756.25	-	4.500%	4,756.25	4.710%	70,650.00	598,838.00	792,575.11
6/1/2017	410,000	4.500%	171,225.00	7,755.86	4,756.25	-	4.500%	4,756.25	4.710%	70,650.00	608,575.73	802,320.84
12/1/2017		4.500%	162,000.00	7,336.00	4,500.00	-	4.500%	4,500.00	4.710%	70,650.00	617,832.58	811,895.68
6/1/2018	425,000	4.500%	162,000.00	7,336.00	4,500.00	-	4.500%	4,500.00	4.710%	70,650.00	626,605.54	821,401.12
12/1/2018		4.500%	152,437.50	6,904.85	4,234.38	-	4.500%	4,234.38	4.710%	70,650.00	634,895.62	830,906.54
6/1/2019	445,000	4.500%	152,437.50	6,904.85	4,234.38	-	4.500%	4,234.38	4.710%	70,650.00	642,702.81	840,411.93
12/1/2019		4.500%	142,425.00	6,451.33	3,956.25	-	4.500%	3,956.25	4.710%	70,650.00	650,027.13	849,917.34
6/1/2020	465,000	4.500%	142,425.00	6,451.33	3,956.25	-	4.500%	3,956.25	4.710%	70,650.00	657,401.12	859,422.75
12/1/2020		4.500%	131,962.50	5,977.41	3,665.63	-	4.500%	3,665.63	4.710%	70,650.00	664,825.91	868,928.16
6/1/2021	485,000	4.500%	131,962.50	5,977.41	3,665.63	-	4.500%	3,665.63	4.710%	70,650.00	672,300.70	878,433.57
12/1/2021		4.500%	121,050.00	5,483.12	3,362.50	-	4.500%	3,362.50	4.710%	70,650.00	679,825.49	887,939.02
6/1/2022	505,000	4.500%	121,050.00	5,483.12	3,362.50	-	4.500%	3,362.50	4.710%	70,650.00	687,400.28	897,444.47
12/1/2022		4.500%	109,687.50	4,968.44	3,046.88	-	4.500%	3,046.88	4.710%	70,650.00	695,025.07	907,000.92
6/1/2023	525,000	4.500%	109,687.50	4,968.44	3,046.88	-	4.500%	3,046.88	4.710%	70,650.00	702,700.86	916,606.37
12/1/2023		4.500%	97,875.00	4,433.38	2,718.75	-	4.500%	2,718.75	4.710%	70,650.00	710,425.65	926,211.82
6/1/2024	545,000	4.500%	97,875.00	4,433.38	2,718.75	-	4.500%	2,718.75	4.710%	70,650.00	718,200.44	935,817.27
12/1/2024		4.500%	85,612.50	3,877.93	2,378.13	-	4.500%	2,378.13	4.710%	70,650.00	726,025.23	945,422.72
6/1/2025	570,000	4.500%	85,612.50	3,877.93	2,378.13	-	4.500%	2,378.13	4.710%	70,650.00	733,900.02	955,028.17
12/1/2025		4.500%	72,787.50	3,297.00	2,021.88	-	4.500%	2,021.88	4.710%	70,650.00	741,824.81	964,633.62
6/1/2026	595,000	4.500%	72,787.50	3,297.00	2,021.88	-	4.500%	2,021.88	4.710%	70,650.00	749,800.60	974,239.07
12/1/2026		4.500%	59,400.00	2,690.50	1,650.00	-	4.500%	1,650.00	4.710%	70,650.00	757,825.39	983,854.52
6/1/2027	620,000	4.500%	59,400.00	2,690.50	1,650.00	-	4.500%	1,650.00	4.710%	70,650.00	765,851.18	993,469.97
12/1/2027		4.500%	45,460.00	2,058.72	1,262.50	-	4.500%	1,262.50	4.710%	70,650.00	773,876.97	1,003,085.42
6/1/2028	645,000	4.500%	45,460.00	2,058.72	1,262.50	-	4.500%	1,262.50	4.710%	70,650.00	781,902.76	1,012,700.87
12/1/2028		4.500%	30,937.50	1,401.35	859.38	-	4.500%	859.38	4.710%	70,650.00	790,000.00	1,022,316.32
6/1/2029	675,000	4.500%	30,937.50	1,401.35	859.38	-	4.500%	859.38	4.710%	70,650.00	798,100.00	1,031,931.77
12/1/2029		4.500%	15,750.00	713.42	437.50	-	4.500%	437.50	4.710%	70,650.00	806,200.00	1,041,547.22
6/1/2030	700,000	4.500%	15,750.00	713.42	437.50	-	4.500%	437.50	4.710%	70,650.00	814,300.00	1,051,162.67
12/1/2030												
6/1/2031												
12/1/2031												
6/1/2032												
12/1/2032												
6/1/2033												
12/1/2033												
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12/1/2034												
6/1/2035												
12/1/2035												
6/1/2036												
12/1/2036												
8,375,000			305,184.36	187,153.13	5,000,000		(1,575,000.00)	1,648,500.00		15,678,349.99		15,678,349.99

(1) Expected variable interest rates based on historical average taxable rates since 1990 and a perfect correlation between variable swap payment and receipt.  
 (2) Expected liquidity and remarketing costs, assumed to be constant for the life of the bonds.  
 (3) Swap Notional amount does not amortize with 2003B Bonds and is only shown for calculation purposes.

**Investment Management Advisory Group**  
**COUNTY OF YORK, PENNSYLVANIA**  
**General Obligation Bonds, Series of 2006**  
**Semiannual Debt Service Payment Schedules**

Date	Principal Maturity	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2005			1,262,826.62	1,262,826.62	3,052,655.37
6/1/2006			1,789,828.75	1,789,828.75	3,579,657.50
12/1/2006			1,789,828.75	1,789,828.75	3,819,051.25
6/1/2007		3.250%	1,789,828.75	2,134,928.75	3,779,843.75
12/1/2007	345,000	3.250%	1,789,828.75	1,784,222.50	5,757,130.00
6/1/2008		3.350%	1,784,222.50	1,780,621.25	5,768,417.50
12/1/2008	215,000	3.350%	1,784,222.50	1,741,508.75	5,761,017.50
6/1/2009		3.500%	1,780,621.25	1,694,908.75	5,792,923.75
12/1/2009	2,235,000	3.500%	1,741,508.75	1,646,108.75	5,806,380.00
6/1/2010		4.000%	1,694,908.75	1,591,815.00	5,823,005.00
12/1/2010	2,330,000	4.000%	1,694,908.75	1,524,565.00	5,844,267.50
6/1/2011		4.000%	1,646,108.75	1,453,440.00	5,857,530.00
12/1/2011	2,440,000	4.000%	1,646,108.75	1,385,827.50	5,874,780.00
6/1/2012		4.250%	1,591,815.00	1,306,702.50	5,887,905.00
12/1/2012	2,555,000	4.250%	1,591,815.00	1,223,077.50	5,911,280.00
6/1/2013		5.000%	1,524,565.00	1,134,827.50	4,237,655.00
12/1/2013	2,690,000	5.000%	1,524,565.00	1,041,452.50	4,253,965.00
6/1/2014		5.000%	1,453,440.00	986,202.50	4,278,280.00
12/1/2014	2,845,000	5.000%	1,453,440.00	927,702.50	4,308,455.00
6/1/2015		5.000%	1,385,827.50	865,577.50	4,349,017.50
12/1/2015	3,005,000	5.000%	1,385,827.50	802,877.50	4,387,280.00
6/1/2016		5.000%	1,306,702.50	736,140.00	4,428,140.00
12/1/2016	3,165,000	5.000%	1,306,702.50	661,140.00	4,473,375.00
6/1/2017		5.000%	1,223,077.50	588,000.00	4,521,000.00
12/1/2017	3,345,000	5.000%	1,223,077.50	510,375.00	4,565,750.00
6/1/2018		5.000%	1,134,827.50	420,625.00	4,603,875.00
12/1/2018	3,530,000	5.000%	1,134,827.50	325,125.00	4,659,500.00
6/1/2019		5.000%	1,041,452.50	223,750.00	4,745,750.00
12/1/2019	3,735,000	5.000%	1,041,452.50	115,750.00	
6/1/2020		5.000%	986,202.50		
12/1/2020	2,210,000	5.000%	986,202.50		
6/1/2021		5.000%	927,702.50		
12/1/2021	2,340,000	5.000%	927,702.50		
6/1/2022		5.000%	865,577.50		
12/1/2022	2,485,000	5.000%	865,577.50		
6/1/2023		4.750%	802,877.50		
12/1/2023	2,640,000	4.750%	802,877.50		
6/1/2024		4.750%	736,140.00		
12/1/2024	2,810,000	4.750%	736,140.00		
6/1/2025		5.000%	661,140.00		
12/1/2025	3,000,000	5.000%	661,140.00		
6/1/2026		4.600%	588,000.00		
12/1/2026	3,180,000	4.600%	588,000.00		
6/1/2027		4.600%	510,375.00		
12/1/2027	3,375,000	4.600%	510,375.00		
6/1/2028		5.000%	420,625.00		
12/1/2028	3,590,000	5.000%	420,625.00		
6/1/2029		5.000%	325,125.00		
12/1/2029	3,820,000	5.000%	325,125.00		
6/1/2030		5.000%	223,750.00		
12/1/2030	4,055,000	5.000%	223,750.00		
6/1/2031		5.000%	115,750.00		
12/1/2031	4,320,000	5.000%	115,750.00		
6/1/2032		5.000%			
12/1/2032	4,630,000	5.000%			
6/1/2033					
12/1/2033	74,890,000		61,366,826.62	136,256,826.62	136,256,826.62

Investment Management Advisory Group, Inc.

COUNTY OF YORK, PENNSYLVANIA

Outstanding Debt Service - EXISTING

Semiannual Debt Service Payment Schedules

Date	County 2000 GO Bonds	GASP - Series 2000A (1)	GASP - Series 2001 (2)	County 2002 GO Bonds	GASP - Series 2003 (3)	County 2002 GO Bonds	County 2003 GO Bonds	YICIDA 2003A Bonds (4)	YICIDA 2003B Bonds (5)	County 2005 GO Note	County 2005A GO Note	County 2006 GO Bonds	Annual Debt Service
2006	222,518	1,080,017	1,854,023	3,326,250	1,315,526	1,032,798	96,577	414,915	414,915	220,000	429,000	3,052,655	13,044,277
2007	219,985	1,207,443	1,854,023	3,326,125	1,548,522	1,032,713	96,577	414,915	414,915	6,148,101	11,429,000	3,579,658	30,858,050
2008	220,006	1,207,443	1,854,023	3,324,688	1,548,286	1,032,609	96,577	414,915	414,915	-	-	3,919,051	13,617,596
2009	220,455	1,441,781	1,777,715	3,325,625	1,548,049	1,032,488	566,577	414,915	414,915	-	-	3,779,844	14,107,448
2010	220,268	1,435,061	1,767,857	-	1,865,122	2,063,960	563,881	410,715	410,715	-	-	5,757,130	14,103,993
2011	-	1,432,285	2,016,711	-	1,864,148	2,048,298	560,220	410,715	410,715	-	-	5,786,418	14,088,784
2012	-	1,428,338	2,024,056	-	1,862,464	2,030,566	555,593	410,715	410,715	-	-	5,782,924	14,082,750
2013	-	1,423,219	2,034,526	-	1,860,308	2,022,435	-	410,715	410,715	-	-	5,782,924	13,534,125
2014	-	1,416,927	2,047,889	-	1,847,677	2,006,635	-	410,715	410,715	-	-	5,806,380	13,536,234
2015	-	1,409,464	2,063,956	-	1,839,456	1,988,560	-	770,361	770,361	-	-	5,823,005	13,894,802
2016	-	1,405,712	2,072,696	-	1,835,642	1,967,810	-	766,890	766,890	-	-	5,844,268	13,893,018
2017	-	1,400,553	2,084,119	-	1,831,119	1,948,935	-	767,575	767,575	-	-	5,857,530	13,890,831
2018	-	1,393,988	2,088,005	-	1,821,004	1,934,665	-	762,415	762,415	-	-	5,874,780	13,884,877
2019	-	1,386,016	2,114,133	-	1,815,288	1,916,935	-	761,409	761,409	-	-	5,887,905	13,881,696
2020	-	1,381,521	2,127,382	-	1,808,881	1,891,810	-	769,438	769,438	-	-	5,911,280	13,880,323
2021	-	1,370,503	2,147,563	-	1,796,873	1,879,060	-	756,501	756,501	-	-	4,237,655	12,188,155
2022	-	1,367,844	2,159,534	-	1,789,274	1,867,014	-	752,598	752,598	-	-	4,253,905	12,180,169
2023	-	1,358,426	2,183,086	-	1,785,846	1,821,375	-	747,730	747,730	-	-	4,278,280	12,174,742
2024	-	1,352,251	2,187,996	-	3,001,890	567,288	-	741,896	741,896	-	-	4,308,456	12,169,776
2025	-	1,339,318	2,224,046	-	2,847,171	569,888	-	739,975	739,975	-	-	4,346,018	12,169,515
2026	-	1,334,510	2,241,013	-	2,891,032	571,656	-	736,847	736,847	-	-	4,397,280	12,172,340
2027	-	1,322,709	2,263,769	-	2,838,355	572,388	-	732,512	732,512	-	-	4,429,140	12,158,892
2028	-	1,313,916	2,287,041	-	2,778,139	572,178	-	726,969	726,969	-	-	4,473,375	12,152,619
2029	-	1,307,897	2,305,660	-	2,718,504	575,794	-	725,099	725,099	-	-	4,521,000	12,153,954
2030	-	1,294,651	2,334,314	-	2,656,449	575,231	-	716,901	716,901	-	-	4,565,750	12,141,296
2031	-	-	3,643,659	-	2,602,737	574,600	-	-	-	-	-	4,603,875	11,424,871
2032	-	-	-	-	6,188,863	579,663	-	-	-	-	-	4,659,500	11,428,026
2033	-	-	-	-	6,106,159	578,419	-	-	-	-	-	4,745,750	11,430,328
	1,102,231	33,811,784	55,796,834	13,304,688	65,303,794	37,244,888	2,536,001	15,678,350	15,678,350	6,368,101	11,858,000	136,256,827	380,263,507

Assumes all debt service are traditional fixed rate unless noted below:

- (1) Includes payments on 2004 and 2005 Swaps. See Schedule
- (2) Includes payments on 2003 and 2004 Swaps. See Schedule
- (3) Includes payments on 2005 Swap. See Schedule
- (4) Variable rate at average one month LIBOR since 1990. See Schedule
- (5) Includes swap on a portion of the 2003B Bonds. See Schedule

## **Appendix B**

### **Summary of All Fees and Expenses to Paid in Connection With the 2000A/2003 Bonds Fixed Pay Swaps**

After making appropriate inquiries IMAGE has determined that the following sums represent all fees and expenses that will be paid in connection with the 2006 Basis Swap. These sums will be paid by RBC directly, after the 2006 Basis Swap is entered into (following the swap confirmation conference call). These payments by RBC have the effect of reducing the Fixed Spread by the County on the 2006 Basis Swap and are therefore, effectively paid by the County. It is not expected that the County will pay any fees or expenses from other funds.

It is assumed that County will not integrate the payments on the 2006 Basis Swap in the calculation of the "yield" on the 2006 Bonds for arbitrage rebate purposes.

IMAGE will receive a total fee of \$65,000 for its services as the independent financial advisor to the County, including producing the Interest Rate Management Plan and rendering an opinion that the interest rate to be paid and other terms of the 2006 Basis Swap are fair and reasonable.

The law firm of Rhoads and Sinon LLP will receive a total fee of \$55,000 for its services as Special Counsel to the County.

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**Appendix C**

**Expected and Maximum Payments**

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Investment Management Advisory Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 2006 BASIS SWAP ESTIMATED  
 Semiannual Debt Service Payment Schedules

Assumptions: BMA Rate = 3.050%  
 LIBOR 4.552%  
 Actual BMA/LIBOR Relationship 67.000%

"ESTIMATED" RESULTS

Date	Notional Principal *	Est. BMA Rate (1)	Est. Variable Int. - OUT (1)	Est. LIBOR Receipt Rate (2)	Est. Variable Int. - IN (2)	Fixed Spread (3)	Fixed Spread IN	NET SWAP Debt Service	Annual (Benefit)/Cost
3/1/2006	-	3.050%	571,038.25	3.050%	(571,038.25)	0.400%	(74,880.00)	(74,880.00)	(74,880.00)
6/1/2006	-	3.050%	1,142,072.50	3.050%	(1,142,072.50)	0.400%	(149,760.00)	(149,760.00)	(149,760.00)
12/1/2006	-	3.050%	1,142,072.50	3.050%	(1,142,072.50)	0.400%	(149,760.00)	(149,760.00)	(149,760.00)
6/1/2007	-	3.050%	1,142,072.50	3.050%	(1,142,072.50)	0.400%	(149,760.00)	(149,760.00)	(149,760.00)
12/1/2007	345,000	3.050%	1,142,072.50	3.050%	(1,142,072.50)	0.400%	(149,760.00)	(149,760.00)	(149,760.00)
6/1/2008	-	3.050%	1,136,811.25	3.050%	(1,136,811.25)	0.400%	(148,080.00)	(148,080.00)	(148,080.00)
12/1/2008	215,000	3.050%	1,133,532.50	3.050%	(1,133,532.50)	0.400%	(148,660.00)	(148,660.00)	(148,660.00)
6/1/2009	-	3.050%	1,133,532.50	3.050%	(1,133,532.50)	0.400%	(148,660.00)	(148,660.00)	(148,660.00)
12/1/2009	2,235,000	3.050%	1,098,448.75	3.050%	(1,098,448.75)	0.400%	(144,180.00)	(144,180.00)	(144,180.00)
6/1/2010	-	3.050%	1,098,448.75	3.050%	(1,098,448.75)	0.400%	(144,180.00)	(144,180.00)	(144,180.00)
12/1/2010	2,330,000	3.050%	1,063,916.25	3.050%	(1,063,916.25)	0.400%	(139,530.00)	(139,530.00)	(139,530.00)
6/1/2011	-	3.050%	1,063,916.25	3.050%	(1,063,916.25)	0.400%	(139,530.00)	(139,530.00)	(139,530.00)
12/1/2011	2,440,000	3.050%	1,026,706.25	3.050%	(1,026,706.25)	0.400%	(134,650.00)	(134,650.00)	(134,650.00)
6/1/2012	-	3.050%	1,026,706.25	3.050%	(1,026,706.25)	0.400%	(134,650.00)	(134,650.00)	(134,650.00)
12/1/2012	2,555,000	3.050%	987,742.50	3.050%	(987,742.50)	0.400%	(129,540.00)	(129,540.00)	(129,540.00)
6/1/2013	-	3.050%	987,742.50	3.050%	(987,742.50)	0.400%	(129,540.00)	(129,540.00)	(129,540.00)
12/1/2013	2,690,000	3.050%	946,720.00	3.050%	(946,720.00)	0.400%	(124,160.00)	(124,160.00)	(124,160.00)
6/1/2014	-	3.050%	946,720.00	3.050%	(946,720.00)	0.400%	(124,160.00)	(124,160.00)	(124,160.00)
12/1/2014	2,845,000	3.050%	903,333.75	3.050%	(903,333.75)	0.400%	(118,470.00)	(118,470.00)	(118,470.00)
6/1/2015	-	3.050%	903,333.75	3.050%	(903,333.75)	0.400%	(118,470.00)	(118,470.00)	(118,470.00)
12/1/2015	3,005,000	3.050%	857,507.50	3.050%	(857,507.50)	0.400%	(112,460.00)	(112,460.00)	(112,460.00)
6/1/2016	-	3.050%	857,507.50	3.050%	(857,507.50)	0.400%	(112,460.00)	(112,460.00)	(112,460.00)
12/1/2016	3,165,000	3.050%	809,241.25	3.050%	(809,241.25)	0.400%	(106,130.00)	(106,130.00)	(106,130.00)
6/1/2017	-	3.050%	809,241.25	3.050%	(809,241.25)	0.400%	(106,130.00)	(106,130.00)	(106,130.00)
12/1/2017	3,345,000	3.050%	758,230.00	3.050%	(758,230.00)	0.400%	(99,440.00)	(99,440.00)	(99,440.00)
6/1/2018	-	3.050%	758,230.00	3.050%	(758,230.00)	0.400%	(99,440.00)	(99,440.00)	(99,440.00)
12/1/2018	3,530,000	3.050%	704,397.50	3.050%	(704,397.50)	0.400%	(92,380.00)	(92,380.00)	(92,380.00)
6/1/2019	-	3.050%	704,397.50	3.050%	(704,397.50)	0.400%	(92,380.00)	(92,380.00)	(92,380.00)
12/1/2019	3,735,000	3.050%	647,438.75	3.050%	(647,438.75)	0.400%	(84,910.00)	(84,910.00)	(84,910.00)
6/1/2020	-	3.050%	647,438.75	3.050%	(647,438.75)	0.400%	(84,910.00)	(84,910.00)	(84,910.00)
12/1/2020	2,210,000	3.050%	613,736.25	3.050%	(613,736.25)	0.400%	(80,480.00)	(80,480.00)	(80,480.00)
6/1/2021	-	3.050%	613,736.25	3.050%	(613,736.25)	0.400%	(80,480.00)	(80,480.00)	(80,480.00)
12/1/2021	2,340,000	3.050%	578,051.25	3.050%	(578,051.25)	0.400%	(75,810.00)	(75,810.00)	(75,810.00)
6/1/2022	-	3.050%	578,051.25	3.050%	(578,051.25)	0.400%	(75,810.00)	(75,810.00)	(75,810.00)
12/1/2022	2,485,000	3.050%	540,155.00	3.050%	(540,155.00)	0.400%	(70,840.00)	(70,840.00)	(70,840.00)
6/1/2023	-	3.050%	540,155.00	3.050%	(540,155.00)	0.400%	(70,840.00)	(70,840.00)	(70,840.00)
12/1/2023	2,640,000	3.050%	489,895.00	3.050%	(489,895.00)	0.400%	(65,560.00)	(65,560.00)	(65,560.00)
6/1/2024	-	3.050%	489,895.00	3.050%	(489,895.00)	0.400%	(65,560.00)	(65,560.00)	(65,560.00)
12/1/2024	2,810,000	3.050%	457,042.50	3.050%	(457,042.50)	0.400%	(59,940.00)	(59,940.00)	(59,940.00)
6/1/2025	-	3.050%	457,042.50	3.050%	(457,042.50)	0.400%	(59,940.00)	(59,940.00)	(59,940.00)
12/1/2025	3,000,000	3.050%	411,292.50	3.050%	(411,292.50)	0.400%	(53,940.00)	(53,940.00)	(53,940.00)
6/1/2026	-	3.050%	411,292.50	3.050%	(411,292.50)	0.400%	(53,940.00)	(53,940.00)	(53,940.00)
12/1/2026	3,180,000	3.050%	362,797.50	3.050%	(362,797.50)	0.400%	(47,580.00)	(47,580.00)	(47,580.00)
6/1/2027	-	3.050%	362,797.50	3.050%	(362,797.50)	0.400%	(47,580.00)	(47,580.00)	(47,580.00)
12/1/2027	3,375,000	3.050%	311,328.75	3.050%	(311,328.75)	0.400%	(40,830.00)	(40,830.00)	(40,830.00)
6/1/2028	-	3.050%	311,328.75	3.050%	(311,328.75)	0.400%	(40,830.00)	(40,830.00)	(40,830.00)
12/1/2028	3,590,000	3.050%	256,581.25	3.050%	(256,581.25)	0.400%	(33,650.00)	(33,650.00)	(33,650.00)
6/1/2029	-	3.050%	256,581.25	3.050%	(256,581.25)	0.400%	(33,650.00)	(33,650.00)	(33,650.00)
12/1/2029	3,820,000	3.050%	198,326.25	3.050%	(198,326.25)	0.400%	(26,010.00)	(26,010.00)	(26,010.00)
6/1/2030	-	3.050%	198,326.25	3.050%	(198,326.25)	0.400%	(26,010.00)	(26,010.00)	(26,010.00)
12/1/2030	4,065,000	3.050%	136,487.50	3.050%	(136,487.50)	0.400%	(17,900.00)	(17,900.00)	(17,900.00)
6/1/2031	-	3.050%	136,487.50	3.050%	(136,487.50)	0.400%	(17,900.00)	(17,900.00)	(17,900.00)
12/1/2031	4,320,000	3.050%	70,607.50	3.050%	(70,607.50)	0.400%	(9,260.00)	(9,260.00)	(9,260.00)
6/1/2032	-	3.050%	70,607.50	3.050%	(70,607.50)	0.400%	(9,260.00)	(9,260.00)	(9,260.00)
12/1/2032	4,630,000	3.050%	-	3.050%	-	0.400%	-	-	-
6/1/2033	-	3.050%	-	3.050%	-	0.400%	-	-	-
12/1/2033	74,690,000	3.050%	38,161,981.25	3.050%	(38,161,981.25)	0.400%	(5,004,850.00)	(5,004,850.00)	(5,004,850.00)

\* Notional amount of 2006 Bonds, for calculation purposes not used in sum of net payments.  
 (1) Assumes BMA equals approximate 10 year historical average.  
 (2) Assumes 67% of LIBOR is equal to BMA based on historical averages.  
 (3) Fixed Spread is estimated based on market conditions as of February 15, 2006.

Investment Management Advisory Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 2006 BASIS SWAP MAXIMUM  
 Semiannual Debt Service Payment Schedules

Assumptions:  
 BMA Rate = 25.000%  
 LIBOR 25.000%  
 Actual BMA/LIBOR Relationship 67.000%

"MAXIMUM" RESULTS

Date	Notional Principal*	Est. BMA Rate (1)	Est. Variable Int. - OUT (1)	Est. LIBOR Receipt Rate (2)	Est. Variable Int. - IN (2)	Fixed Spread (3)	Fixed Spread IN	NET SWAP Debt Service	Annual Debt Service (Benefit)/Cost
3/1/2006	4,860,625.00	25.000%	16.750%	(3,136,018.75)	0.400%	(148,890.00)	1,469,716.25	4,409,146.75	
6/1/2006	9,361,250.00	25.000%	16.750%	(6,272,037.50)	0.400%	(148,780.00)	2,939,432.50	8,819,805.00	
12/1/2006	9,361,250.00	25.000%	16.750%	(6,272,037.50)	0.400%	(148,780.00)	2,939,432.50	8,819,805.00	
3/1/2007	9,361,250.00	25.000%	16.750%	(6,272,037.50)	0.400%	(148,780.00)	2,939,432.50	8,819,805.00	
6/1/2007	9,361,250.00	25.000%	16.750%	(6,272,037.50)	0.400%	(148,780.00)	2,939,432.50	8,819,805.00	
12/1/2007	9,361,250.00	25.000%	16.750%	(6,272,037.50)	0.400%	(148,780.00)	2,939,432.50	8,819,805.00	
3/1/2008	9,318,125.00	25.000%	16.750%	(6,243,143.75)	0.400%	(148,090.00)	2,925,891.25	8,843,343.75	
6/1/2008	9,318,125.00	25.000%	16.750%	(6,243,143.75)	0.400%	(148,090.00)	2,925,891.25	8,843,343.75	
12/1/2008	9,318,125.00	25.000%	16.750%	(6,243,143.75)	0.400%	(148,090.00)	2,925,891.25	8,843,343.75	
3/1/2009	9,291,250.00	25.000%	16.750%	(6,225,137.50)	0.400%	(144,190.00)	2,917,452.50	8,843,343.75	
6/1/2009	9,291,250.00	25.000%	16.750%	(6,225,137.50)	0.400%	(144,190.00)	2,917,452.50	8,843,343.75	
12/1/2009	9,291,250.00	25.000%	16.750%	(6,225,137.50)	0.400%	(144,190.00)	2,917,452.50	8,843,343.75	
3/1/2010	9,011,875.00	25.000%	16.750%	(6,037,866.25)	0.400%	(138,530.00)	2,829,728.75	8,568,005.00	
6/1/2010	9,011,875.00	25.000%	16.750%	(6,037,866.25)	0.400%	(138,530.00)	2,829,728.75	8,568,005.00	
12/1/2010	9,011,875.00	25.000%	16.750%	(6,037,866.25)	0.400%	(138,530.00)	2,829,728.75	8,568,005.00	
3/1/2011	8,720,625.00	25.000%	16.750%	(5,842,818.75)	0.400%	(134,650.00)	2,738,276.25	8,360,792.50	
6/1/2011	8,720,625.00	25.000%	16.750%	(5,842,818.75)	0.400%	(134,650.00)	2,738,276.25	8,360,792.50	
12/1/2011	8,720,625.00	25.000%	16.750%	(5,842,818.75)	0.400%	(134,650.00)	2,738,276.25	8,360,792.50	
3/1/2012	8,415,625.00	25.000%	16.750%	(5,638,468.75)	0.400%	(129,540.00)	2,642,506.25	8,164,726.75	
6/1/2012	8,415,625.00	25.000%	16.750%	(5,638,468.75)	0.400%	(129,540.00)	2,642,506.25	8,164,726.75	
12/1/2012	8,415,625.00	25.000%	16.750%	(5,638,468.75)	0.400%	(129,540.00)	2,642,506.25	8,164,726.75	
3/1/2013	8,096,250.00	25.000%	16.750%	(5,424,487.50)	0.400%	(124,160.00)	2,542,222.50	7,928,862.50	
6/1/2013	8,096,250.00	25.000%	16.750%	(5,424,487.50)	0.400%	(124,160.00)	2,542,222.50	7,928,862.50	
12/1/2013	8,096,250.00	25.000%	16.750%	(5,424,487.50)	0.400%	(124,160.00)	2,542,222.50	7,928,862.50	
3/1/2014	7,780,000.00	25.000%	16.750%	(5,199,200.00)	0.400%	(118,470.00)	2,436,640.00	7,582,360.00	
6/1/2014	7,780,000.00	25.000%	16.750%	(5,199,200.00)	0.400%	(118,470.00)	2,436,640.00	7,582,360.00	
12/1/2014	7,780,000.00	25.000%	16.750%	(5,199,200.00)	0.400%	(118,470.00)	2,436,640.00	7,582,360.00	
3/1/2015	7,464,375.00	25.000%	16.750%	(4,960,831.25)	0.400%	(112,460.00)	2,324,973.75	7,239,847.50	
6/1/2015	7,464,375.00	25.000%	16.750%	(4,960,831.25)	0.400%	(112,460.00)	2,324,973.75	7,239,847.50	
12/1/2015	7,464,375.00	25.000%	16.750%	(4,960,831.25)	0.400%	(112,460.00)	2,324,973.75	7,239,847.50	
3/1/2016	7,098,750.00	25.000%	16.750%	(4,709,262.50)	0.400%	(106,130.00)	2,207,027.50	6,892,287.50	
6/1/2016	7,098,750.00	25.000%	16.750%	(4,709,262.50)	0.400%	(106,130.00)	2,207,027.50	6,892,287.50	
12/1/2016	7,098,750.00	25.000%	16.750%	(4,709,262.50)	0.400%	(106,130.00)	2,207,027.50	6,892,287.50	
3/1/2017	6,833,125.00	25.000%	16.750%	(4,444,193.75)	0.400%	(99,440.00)	2,086,801.25	6,495,392.50	
6/1/2017	6,833,125.00	25.000%	16.750%	(4,444,193.75)	0.400%	(99,440.00)	2,086,801.25	6,495,392.50	
12/1/2017	6,833,125.00	25.000%	16.750%	(4,444,193.75)	0.400%	(99,440.00)	2,086,801.25	6,495,392.50	
3/1/2018	6,215,000.00	25.000%	16.750%	(4,164,050.00)	0.400%	(92,380.00)	1,951,510.00	6,013,510.00	
6/1/2018	6,215,000.00	25.000%	16.750%	(4,164,050.00)	0.400%	(92,380.00)	1,951,510.00	6,013,510.00	
12/1/2018	6,215,000.00	25.000%	16.750%	(4,164,050.00)	0.400%	(92,380.00)	1,951,510.00	6,013,510.00	
3/1/2019	5,773,750.00	25.000%	16.750%	(3,868,412.50)	0.400%	(84,910.00)	1,812,857.50	5,560,867.50	
6/1/2019	5,773,750.00	25.000%	16.750%	(3,868,412.50)	0.400%	(84,910.00)	1,812,857.50	5,560,867.50	
12/1/2019	5,773,750.00	25.000%	16.750%	(3,868,412.50)	0.400%	(84,910.00)	1,812,857.50	5,560,867.50	
3/1/2020	5,306,875.00	25.000%	16.750%	(3,555,606.25)	0.400%	(80,480.00)	1,686,358.75	5,174,467.50	
6/1/2020	5,306,875.00	25.000%	16.750%	(3,555,606.25)	0.400%	(80,480.00)	1,686,358.75	5,174,467.50	
12/1/2020	5,306,875.00	25.000%	16.750%	(3,555,606.25)	0.400%	(80,480.00)	1,686,358.75	5,174,467.50	
3/1/2021	5,030,625.00	25.000%	16.750%	(3,370,518.75)	0.400%	(75,810.00)	1,579,616.25	4,851,001.25	
6/1/2021	5,030,625.00	25.000%	16.750%	(3,370,518.75)	0.400%	(75,810.00)	1,579,616.25	4,851,001.25	
12/1/2021	5,030,625.00	25.000%	16.750%	(3,370,518.75)	0.400%	(75,810.00)	1,579,616.25	4,851,001.25	
3/1/2022	4,738,125.00	25.000%	16.750%	(3,174,543.75)	0.400%	(70,840.00)	1,487,771.25	4,523,372.50	
6/1/2022	4,738,125.00	25.000%	16.750%	(3,174,543.75)	0.400%	(70,840.00)	1,487,771.25	4,523,372.50	
12/1/2022	4,738,125.00	25.000%	16.750%	(3,174,543.75)	0.400%	(70,840.00)	1,487,771.25	4,523,372.50	
3/1/2023	4,427,500.00	25.000%	16.750%	(2,966,425.00)	0.400%	(65,560.00)	1,390,235.00	4,247,265.00	
6/1/2023	4,427,500.00	25.000%	16.750%	(2,966,425.00)	0.400%	(65,560.00)	1,390,235.00	4,247,265.00	
12/1/2023	4,427,500.00	25.000%	16.750%	(2,966,425.00)	0.400%	(65,560.00)	1,390,235.00	4,247,265.00	
3/1/2024	4,097,500.00	25.000%	16.750%	(2,745,325.00)	0.400%	(59,940.00)	1,286,615.00	3,910,885.00	
6/1/2024	4,097,500.00	25.000%	16.750%	(2,745,325.00)	0.400%	(59,940.00)	1,286,615.00	3,910,885.00	
12/1/2024	4,097,500.00	25.000%	16.750%	(2,745,325.00)	0.400%	(59,940.00)	1,286,615.00	3,910,885.00	
3/1/2025	3,746,250.00	25.000%	16.750%	(2,509,987.50)	0.400%	(53,940.00)	1,176,322.50	3,563,612.50	
6/1/2025	3,746,250.00	25.000%	16.750%	(2,509,987.50)	0.400%	(53,940.00)	1,176,322.50	3,563,612.50	
12/1/2025	3,746,250.00	25.000%	16.750%	(2,509,987.50)	0.400%	(53,940.00)	1,176,322.50	3,563,612.50	
3/1/2026	3,371,250.00	25.000%	16.750%	(2,258,737.50)	0.400%	(47,580.00)	1,058,572.50	3,213,262.50	
6/1/2026	3,371,250.00	25.000%	16.750%	(2,258,737.50)	0.400%	(47,580.00)	1,058,572.50	3,213,262.50	
12/1/2026	3,371,250.00	25.000%	16.750%	(2,258,737.50)	0.400%	(47,580.00)	1,058,572.50	3,213,262.50	
3/1/2027	2,973,750.00	25.000%	16.750%	(1,992,412.50)	0.400%	(40,830.00)	933,757.50	2,832,330.00	
6/1/2027	2,973,750.00	25.000%	16.750%	(1,992,412.50)	0.400%	(40,830.00)	933,757.50	2,832,330.00	
12/1/2027	2,973,750.00	25.000%	16.750%	(1,992,412.50)	0.400%	(40,830.00)	933,757.50	2,832,330.00	
3/1/2028	2,551,875.00	25.000%	16.750%	(1,708,736.25)	0.400%	(33,650.00)	801,288.75	2,453,066.75	
6/1/2028	2,551,875.00	25.000%	16.750%	(1,708,736.25)	0.400%	(33,650.00)	801,288.75	2,453,066.75	
12/1/2028	2,551,875.00	25.000%	16.750%	(1,708,736.25)	0.400%	(33,650.00)	801,288.75	2,453,066.75	
3/1/2029	2,103,125.00	25.000%	16.750%	(1,408,083.75)	0.400%	(26,010.00)	660,381.25	2,041,702.50	
6/1/2029	2,103,125.00	25.000%	16.750%	(1,408,083.75)	0.400%	(26,010.00)	660,381.25	2,041,702.50	
12/1/2029	2,103,125.00	25.000%	16.750%	(1,408,083.75)	0.400%	(26,010.00)	660,381.25	2,041,702.50	
3/1/2030	1,625,625.00	25.000%	16.750%	(1,086,168.75)	0.400%	(17,900.00)	510,446.25	1,508,221.25	
6/1/2030	1,625,625.00	25.000%	16.750%	(1,086,168.75)	0.400%	(17,900.00)	510,446.25	1,508,221.25	
12/1/2030	1,625,625.00	25.000%	16.750%	(1,086,168.75)	0.400%	(17,900.00)	510,446.25	1,508,221.25	
3/1/2031	1,118,750.00	25.000%	16.750%	(749,892.50)	0.400%	(9,260.00)	351,287.50	1,027,562.50	
6/1/2031	1,118,750.00	25.000%	16.750%	(749,892.50)	0.400%	(9,260.00)	351,287.50	1,027,562.50	
12/1/2031	1,118,750.00	25.000%	16.750%	(749,892.50)	0.400%	(9,260.00)	351,287.50	1,027,562.50	
3/1/2032	578,750.00	25.000%	16.750%	(387,762.50)	0.400%	(9,260.00)	181,727.50	396,035.00	
6/1/2032	578,750.00	25.000%	16.750%	(387,762.50)	0.400%	(9,260.00)	181,727.50	396,035.00	
12/1/2032	578,750.00	25.000%	16.750%	(387,762.50)	0.400%	(9,260.00)	181,727.50	396,035.00	
3/1/2033	312,803,125.00	25.000%	16.750%	(208,578,083.75)	0.400%	(5,004,850.00)	98,220,181.25	214,533,043.75	
6/1/2033	312,803,125.00	25.000%	16.750%	(208,578,083.75)	0.400%	(5,004,850.00)	98,220,181.25	214,533,043.75	
12/1/2033	312,803,125.00	25.000%	16.750%	(208,578,083.75)	0.400%	(5,004,850.00)	9		

Investment Management Services Group, Inc.  
 COUNTY OF YORK, PENNSYLVANIA  
 POTENTIAL RESULTS OF 2006 BASIS SWAP  
 Semiannual Debt Service Payment Schedules

Date	County 2000 GO Bonds	GASP - Series 2000A (1)	GASP - Series 2001 (2)	County 2002 GO Bonds	GASP - Series 2003 (3)	County 2002 GO Bonds	YCIDA 2003A Bonds (4)	YCIDA 2003B Bonds (5)	County 2005 GO Note	County 2005A GO Note	County 2006 GO Bonds	Subtotal Annual Debt Service	EXPECTED RESULTS 2006 BASIS SWAP	NET Annual Debt Service
2006	222,518	1,080,017	1,854,023	3,326,250	1,315,526	1,032,788	96,577	414,915	220,000	429,000	3,052,655	13,044,277	(224,670)	12,819,607
2007	218,965	1,207,443	1,854,023	3,328,125	1,548,522	1,032,713	96,577	414,915	6,148,101	11,429,000	3,579,658	30,859,060	(289,560)	30,569,500
2008	220,006	1,207,443	1,854,023	3,324,688	1,548,286	1,032,609	96,577	414,915	-	-	3,819,051	13,617,586	(288,870)	13,318,726
2009	220,455	1,441,781	1,777,715	3,325,625	1,548,048	1,032,488	566,577	414,915	-	-	3,779,844	14,107,448	(287,750)	13,809,698
2010	220,268	1,435,061	1,787,857	-	1,865,122	2,063,860	563,881	410,715	-	-	5,757,130	14,103,993	(292,850)	13,811,143
2011	-	1,432,285	2,016,711	-	1,864,148	2,048,298	560,220	410,715	-	-	5,766,418	14,098,794	(283,720)	13,815,074
2012	-	1,428,338	2,024,056	-	1,862,464	2,030,566	555,593	410,715	-	-	5,781,018	14,092,750	(274,180)	13,818,570
2013	-	1,423,219	2,034,526	-	1,850,308	2,022,435	-	410,715	-	-	5,782,824	13,594,125	(284,190)	13,289,935
2014	-	1,418,927	2,047,899	-	1,847,677	2,006,635	-	410,715	-	-	5,806,380	13,536,234	(253,700)	13,282,534
2015	-	1,408,464	2,063,356	-	1,839,456	1,988,560	-	770,361	-	-	5,823,005	13,864,802	(242,630)	13,652,172
2016	-	1,405,712	2,072,696	-	1,835,642	1,967,810	-	766,890	-	-	5,844,268	13,893,018	(230,930)	13,662,088
2017	-	1,400,553	2,084,119	-	1,831,119	1,949,935	-	767,575	-	-	5,857,530	13,880,631	(218,590)	13,672,241
2018	-	1,393,988	2,098,005	-	1,821,004	1,934,685	-	762,415	-	-	5,874,780	13,884,877	(205,570)	13,679,307
2019	-	1,386,016	2,114,133	-	1,815,298	1,916,935	-	761,408	-	-	5,887,905	13,881,696	(181,820)	13,689,876
2020	-	1,381,521	2,127,392	-	1,808,881	1,891,810	-	758,438	-	-	5,911,280	13,880,323	(177,260)	13,703,033
2021	-	1,370,503	2,147,563	-	1,796,873	1,875,060	-	756,501	-	-	4,237,655	12,188,155	(165,400)	12,022,755
2022	-	1,367,844	2,159,534	-	1,789,274	1,857,014	-	752,598	-	-	4,253,905	12,180,169	(156,300)	12,023,869
2023	-	1,358,426	2,183,086	-	1,785,846	1,821,375	-	747,730	-	-	4,278,280	12,174,742	(146,650)	12,028,092
2024	-	1,352,251	2,197,986	-	1,785,846	1,821,375	-	741,896	-	-	4,308,455	12,168,776	(138,400)	12,033,376
2025	-	1,339,318	2,224,046	-	3,001,890	587,288	-	738,975	-	-	4,349,018	12,169,515	(125,500)	12,044,015
2026	-	1,334,510	2,241,013	-	2,947,171	589,888	-	736,847	-	-	4,397,280	12,172,340	(113,880)	12,058,460
2027	-	1,322,709	2,263,789	-	2,881,032	571,659	-	732,512	-	-	4,429,140	12,158,892	(101,520)	12,057,372
2028	-	1,313,916	2,287,041	-	2,838,355	572,388	-	726,869	-	-	4,473,375	12,152,619	(88,410)	12,064,209
2029	-	1,307,897	2,305,660	-	2,779,139	572,176	-	725,099	-	-	4,521,000	12,153,954	(74,480)	12,078,474
2030	-	1,294,651	2,324,314	-	2,716,504	575,794	-	716,901	-	-	4,565,760	12,141,296	(59,680)	12,081,636
2031	-	-	3,643,659	-	2,656,449	573,231	-	-	-	-	4,603,875	11,424,871	(43,910)	11,380,961
2032	-	-	-	-	2,602,737	574,600	-	-	-	-	4,659,500	11,428,026	(27,180)	11,400,866
2033	-	-	-	-	6,188,863	578,683	-	-	-	-	4,745,750	11,430,328	-	11,421,068
	1,102,231	33,811,794	65,798,834	13,304,688	65,303,794	37,244,888	2,536,001	15,678,350	6,368,101	11,858,000	136,256,827	380,263,207	(5,004,850)	375,258,357

Assumes all debt service are traditional fixed rate unless noted below.  
 (1) Includes payments on 2004 and 2005 Swaps. See Schedule  
 (2) Includes payments on 2003 and 2004 Swaps. See Schedule  
 (3) Includes payments on 2005 Swap. See Schedule  
 (4) Variable rate at average one month LIBOR since 1990. See Schedule  
 (5) Includes swap on a portion of the 2003B Bonds. See Schedule



## Appendix D

### Termination Matrix of Proposed Swap

#### 2006 Basis Swap Termination Matrix \*

BMA/LIBOR Ratio	Change in Like-Term LIBOR						
	-1.00% bps	-0.50% bps	Current	0.50% bps	1.00% bps	1.50% bps	2.00% bps
71.50%	1,446,177	1,610,487	1,760,829	1,898,971	2,026,685	2,141,809	2,249,455
72.00%	1,264,298	1,414,683	1,552,284	1,678,719	1,795,610	1,900,978	1,999,501
72.50%	1,082,418	1,218,879	1,343,739	1,458,468	1,564,535	1,660,147	1,749,547
73.00%	900,539	1,023,075	1,135,194	1,238,216	1,333,460	1,419,315	1,499,593
73.50%	718,659	827,271	926,649	1,017,964	1,102,385	1,178,484	1,249,640
74.00%	536,780	631,467	718,105	797,712	871,310	937,653	999,686
74.50%	354,901	435,663	509,560	577,460	640,235	696,822	749,732
75.00%	173,021	239,859	301,015	357,209	409,160	455,990	499,778
75.50%	(8,858)	44,055	92,470	136,957	178,085	215,159	249,824
76.00%	(190,738)	(151,749)	(116,075)	(83,295)	(52,990)	(25,672)	(129)
76.50%	(372,617)	(347,553)	(324,619)	(303,547)	(284,065)	(266,504)	(250,083)
77.00%	(554,496)	(543,357)	(533,164)	(523,799)	(515,140)	(507,335)	(500,037)
77.50%	(736,376)	(739,161)	(741,709)	(744,050)	(746,215)	(748,166)	(749,921)
78.00%	(918,255)	(934,965)	(950,254)	(964,302)	(977,290)	(988,998)	(999,945)
78.50%	(1,100,135)	(1,130,769)	(1,158,799)	(1,184,554)	(1,208,365)	(1,229,829)	(1,249,898)
79.00%	(1,282,014)	(1,326,573)	(1,367,343)	(1,404,806)	(1,439,440)	(1,470,660)	(1,499,852)
79.50%	(1,463,893)	(1,522,377)	(1,575,888)	(1,625,058)	(1,670,515)	(1,711,491)	(1,749,806)
80.00%	(1,645,773)	(1,718,181)	(1,784,433)	(1,845,309)	(1,901,590)	(1,952,323)	(1,999,760)
80.50%	(1,827,652)	(1,913,985)	(1,992,978)	(2,065,561)	(2,132,665)	(2,193,154)	(2,249,714)
81.00%	(2,009,532)	(2,109,789)	(2,201,523)	(2,285,813)	(2,363,740)	(2,433,985)	(2,499,667)
81.50%	(2,191,411)	(2,305,593)	(2,410,067)	(2,506,065)	(2,594,815)	(2,674,817)	(2,749,621)
82.00%	(2,373,290)	(2,501,397)	(2,618,612)	(2,726,317)	(2,825,890)	(2,915,648)	(2,999,575)
82.50%	(2,555,170)	(2,697,201)	(2,827,157)	(2,946,568)	(3,056,965)	(3,156,479)	(3,249,529)
83.00%	(2,737,049)	(2,893,005)	(3,035,702)	(3,166,820)	(3,288,040)	(3,397,311)	(3,499,483)

Assumes full notional of swap and calculation are as of March 1, 2006. Rates and ratios used from February 15, 2006.

- Positive values would result in payments to the County. Negative values payments from the County.
- We performed various analyses relating to how shifts in interest rates will affect the value of the swap and calculated the expected change in value of the swap based on movements in the ratios of BMA to LIBOR.
- All sensitivity values are estimates only, based upon market conditions as of the report date and are provided from the County's point of view.
- Relative changes in ratios are applied as uniform shifts across the curve and do not account for any potential future changes in the shape of the yield curve.

**Other County Swaps Termination Matrices:**

Transaction Description	GASP	GASP	GASP	GASP	YCIDA	Totals
	\$ 32,435,000	\$ 19,090,000	\$ 32,620,000	\$ 49,735,000	\$ 5,000,000	
	Synthetic Fixed	Synthetic Fixed	Synthetic Fixed	Synthetic Float	Synthetic Fixed	
	\$5,499,465	\$2,585,502	\$5,392,018	(\$3,877,947)	\$589,431	\$10,188,469
+200 bps	\$2,815,068	\$1,080,309	\$2,274,753	(\$2,611,124)	\$332,253	\$3,891,259
+100 bps	(\$375,499)	(\$699,919)	(\$1,564,249)	(\$1,294,055)	\$55,561	(\$3,836,117)
Mark-to-Market	(\$3,970,064)	(\$2,700,015)	(\$5,992,141)	\$62,479	(\$242,412)	(\$12,842,153)
-100 bps	(\$8,277,536)	(\$5,079,528)	(\$11,484,576)	\$1,473,652	(\$563,610)	(\$23,931,598)
-200 bps						

- IMAGE has performed various analyses relating to how shifts in interest rates will affect the value of the Swap. We calculated the mark-to-market on the swap based on changes in interest rates of plus and minus 100 basis points (PV+100 and PV-100) and plus and minus 200 basis points (PV+200 and PV-200) shifts in the yield curve. All sensitivity values are estimates only, based upon market conditions as of February 15, 2006 and are provided from the County's point of view. Relative changes in LIBOR are applied as uniform shifts across the LIBOR swap curve and do not account for any potential future changes in the shape of the yield curve.**

**Appendix E**

**Form of IMAGE Fair and Reasonableness Opinion**

, 2006

County of York  
Charles R. Noll  
Administrator / Chief Clerk  
One West Marketway, 4<sup>th</sup> Floor  
York, PA 17401

*Re: Independent Financial Advisor Opinion Regarding Basis Swap relating to:*  
**County of York, Pennsylvania**  
**General Obligation Bonds, Series of 2006 (the "2006 Bonds")**

Dear County:

In connection with an interest rate swap transaction between the County of York, Pennsylvania (the "County") and Royal Bank of Canada, ("RBC"), confirmed and dated as of \_\_\_\_\_ (the "2006 Basis Swap"), Investment Management Advisory Group, Inc. ("IMAGE") has served as the Independent Financial Advisor, as that phrase is defined in the Pennsylvania Local Government Unit Debt Act (the "Debt Act"), to the County in connection with the 2006 Basis Swap. A telephone conference call was concluded at approximately \_\_\_\_\_ A.M. EDT on \_\_\_\_\_, 2006, which included representatives of the County, RBC and IMAGE, and the final financial terms of the 2006 Basis Swap were accepted by an authorized County official.

Our opinion is based on the following information:

- (1) RBC has furnished IMAGE with substantially final drafts of the ISDA Master Agreement, Schedule and Confirmations (the "Swap Documents") which contain the negotiated terms and conditions of the 2006 Basis Swap. IMAGE confirmed with RBC and the County Administrator each of the principal terms of the Swap Documents to assure that the assumptions utilized by IMAGE in rendering this opinion conform to the actual terms of the 2006 Basis Swap.
- (2) Using the terms contained in the Swap Documents, IMAGE has evaluated swap market rates for transactions comparable to the size and structure of the 2006 Basis Swap, assuming that (i) the payment floating leg of the 2006 Basis Swap is equal to 100% of the BMA (Bond Market Association) Index rate at the reset date of the Calculation Period and (ii) the receipts on the variable leg of the 2006 Basis Swap (the "Receipt Rate") are equal to 67% of the London Interbank Offered Rate with a maturity of one-month (LIBOR) plus a Fixed Spread of \_\_\_\_\_ basis points on the outstanding notional amount of the 2006 Basis Swap associated with the 2006 Bonds as detailed in the executed 2006 Basis Swap confirmation. The variable receipts on

the both variable legs of the 2006 Basis Swap are computed based on the notional amortization schedule as detailed in the executed 2006 Basis Swap confirmation.

- (3) To establish the basis for market pricing, we contacted several national broker/dealers who have an established industry reputation as competitive providers of the type of Swap transactions contemplated herein. We also used specific market data derived from interest rate curves found on Bloomberg, as of the valuation date, and used Bloomberg's swap valuation model and IMAGE's own proprietary models based on market conventions for valuing swaps.

Based upon the above-described information, and such other documents, calculations and matters as we have deemed appropriate, (a) the terms and conditions of the 2006 Basis Swap for a counterparty to be willing to take on the interests and obligations as specified in the 2006 Basis Swap confirmation in an arms-length market transaction committed to at the time of the trade reflect a fair market value of such transactions and were fair and reasonable, given the methodology described above, and (b) the 2006 Basis Swap contains financial terms and conditions which in the opinion of IMAGE are fair and reasonable to the County as of the date of the award.

The County determined to enter into the 2006 Basis Swap and to negotiate the 2006 Basis Swap with RBC without our involvement except to confirm RBC as a qualified provider under the Debt Act. IMAGE acted solely as the Independent Financial Advisor as defined in the Debt Act to the County in relation to the 2006 Basis Swap. We were not rendering an opinion on suitability or the ultimate financial outcome of this transaction, which will rely on financial and legal circumstances that are impossible to predict. We have relied on the ratings published by Moody's Investors Service and Standard & Poor's Corporation in relation to the financial condition of the County and RBC and have done no other due diligence in this regards. We make no representation as to either counterparty's ongoing financial soundness.

IMAGE is an established bidding agent and arranger of swaps within the industry for municipal-indexed interest rate swaps, options, and derivatives and is professionally knowledgeable and experienced in the financial aspects and risks of such transactions. As an arranger of interest rate swaps, IMAGE continually conducts transactions among participants in these markets, including both dealers and end-users, during our normal course of business operations. IMAGE is not an agent or affiliate of RBC. IMAGE's compensation for providing such swap advisory services will be paid by RBC in an amount consistent with that which is detailed in the 2006 Basis Swap confirmation.

Investment Management Advisory Group, Inc.

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

Managing Director

**EXHIBIT B**

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

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

ISDA  
International Swaps and Derivatives Association, Inc.

SCHEDULE  
to the  
1992 Master Agreement

dated as of •

between

Royal Bank of Canada  
("Party A")

and

The County of York, Pennsylvania  
("Party B")

**Part 1. Termination Provisions.**

(a) **"Specified Entity"** means in relation to Party A for the purpose of:-

Section 5(a)(v),	None
Section 5(a)(vi),	None
Section 5(a)(vii),	None
Section 5(b)(iv),	None

in relation to Party B for the purpose of:-

Section 5(a)(v),	None
Section 5(a)(vi),	None
Section 5(a)(vii),	None
Section 5(b)(iv),	None

(b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement.

(c) The **"Cross Default"** provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B.

If such provisions apply:-

The "." at the end of the definition of **"Specified Indebtedness"** in Section 14 of this Agreement shall be deleted and replaced by the following: ", except that such term shall not include obligations in respect of deposits received in the ordinary course of either party's banking business, if any and (ii) with respect to Party B, such term shall only include obligations payable from the general taxing power of Party B."

**"Threshold Amount"** means in relation to each of Party A, 1% of its shareholders' equity (as disclosed in its most recent financial statements) or the equivalent in any other currency and in relation to Party B, USD 10 million.

- (d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The "**Automatic Early Termination**" provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement:-
- (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "**Termination Currency**" means United States Dollars.
- (h) **Additional Termination Event** will apply. The following shall constitute Additional Termination Events:-
- (A) Either:
    - (a) the reduction of the long-term unsecured, unsubordinated debt rating of Party A or the reduction of the underlying general obligation rating of Party B below a rating of:
      - (i) **BBB** by Standard & Poor's Rating Service ("S&P"); or
      - (ii) **Baa2** by Moody's Investors Service Inc. ("Moody's"); or
    - (b) the cessation by either S&P or Moody's (together referred to herein as the "Rating Agencies") to issue ratings in respect of the long-term unsecured, unsubordinated debt of Party A or the general obligation rating of Party B.

The party whose rating is so reduced or who ceases to be so rated shall be the Affected party for the purposes of this Additional Termination Event.

In the event that one or both of the Rating Agencies cease providing rating services generally, or cease providing rating services in regard to long-term unsecured, unsubordinated debt specifically, the parties hereto shall mutually agree upon one or more alternate rating agencies and shall designate the rating level issued by such rating agency or agencies for the purposes of this provision.

(B) **Election by Party B to Terminate Without Cause** – In accordance with Pennsylvania law, Party B may at will and without cause at its option by not more than 20 days notice to Party A specifying election to terminate without cause, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of an outstanding Transactions, or as an Early Termination Date in respect of part of a Transaction through reduction of the notional amount; provided, however, that any such partial reduction will be subject to a minimum notional reduction of USD 1,000,000 and limited to no more than one (1) reduction per calendar year. In such event, Party A and Party B shall be the Affected Parties for purposes of this Additional Termination Event. Party B may not optionally terminate this Transaction unless Party B also provides evidence reasonably satisfactory to Party A and the Insurer that Party B has or will have on the termination date available funds, without regard to the Swap Insurance Policy with which to pay any amount due to Party A as a result of such termination. Early termination is not permitted by Party A except for the Events of Default and Termination Events as outlined in Part 1(h)(B) above.

**Part 2. Tax Representations.**

- (a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B will not make Payer Representations.
  
- (b) **Payee Representations.**
  - (i) Party A. For the purpose of Section 3(f) of this Agreement, Party A makes the representations specified below:
    - (A) It is a bank organized under the laws of Canada and (ii) it is a foreign corporation for U.S. federal tax purposes.
    - (B) In respect of a Transaction the income from which is attributable to its New York office, each payment received or to be received by it in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States.
    - (C) In every other case, (i) each payment received or to be received by it will be received by a foreign person or a non-U.S. branch of a foreign person and (ii) no part of any payments received or to be received by it in connection with this Agreement is attributable to a trade or business carried on by it in the United States.
  - (ii) Party B. For the purpose of Section 3(f) of this Agreement, Party B makes the representations specified below:
    - (A) It is a U.S. person and an exempt recipient for U.S. federal tax purposes.

**Part 3. Agreement to Deliver Documents.**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:-

- (a) Tax forms, documents or certificates to be delivered are:-

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>
Party A	With respect to any payments described in Part 2(b)(i)(C) of this Schedule, U.S. Internal Revenue Service Form W-8ECI (or any successor of such Form), completed accurately and in a manner reasonably acceptable to Party B	(1) Before the first payment date under this Agreement (2) before December 31 of each third succeeding calendar year, (3) promptly upon the earlier of reasonable demand by Party B and learning that any such Form is required, (4) prior to the expiration or obsolescence of any previously delivered Form, and (5) promptly upon the information on any such previously delivered Form becoming inaccurate or incorrect
Party A	With respect to any payments described in Part	(1) Before the first payment

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
Party B	2(b)(i)(D) of this Schedule, U.S. Internal Revenue Service Form W-8BEN (or any successor of such Form), completed accurately and in a manner reasonably acceptable to Party B	date under this Agreement (2) before December 31 of each third succeeding calendar year, (3) promptly upon the earlier of reasonable demand by Party B and learning that any such Form is required, (4) prior to the expiration or obsolescence of any previously delivered Form, and (5) promptly upon the information on any such previously delivered Form becoming inaccurate or incorrect
Party B	U.S. Internal Revenue Service Form W-9 (or any successor of such Form), completed accurately and in a manner reasonably acceptable to Party A	1) Before the first payment date under this Agreement (2) promptly upon the earlier of reasonable demand by Party A and learning that any such Form is required and (3) promptly upon the information on any such previously delivered Form becoming inaccurate or incorrect
Party A and Party B	Any other form or document, accurately completed and in a manner reasonably satisfactory to the other party, that may be required or reasonably requested in writing in order to allow the other party to make a payment under this Agreement, including any Credit Support Document, without any deduction or withholding for or on account of any Tax or with such deduction at a reduced rate	Promptly upon request of other party

(b) Other documents to be delivered are:-

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) representation
Party A	Power of Attorney and Certificate of Incumbency	Upon execution of this Agreement, and, if requested, each Confirmation	Yes
Party A	Copy of extract of resolutions with respect to execution of agreements	Upon execution of this Agreement	Yes
Party B	Copies of the incorporating documents and by-laws (or other equivalent or analogous rules) of Party B certified as at the date hereof as true and in full force	Upon execution of this Agreement	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) representation
	and effect		
Party B	Certified copies of all resolutions required to authorize the signing, delivery and performance of this Agreement by Party B and appointing and empowering individuals with specimens of their respective signatures for and on behalf of Party B to sign and deliver this Agreement and sign under seal or otherwise and deliver all agreements, documents and instruments, and give all instructions, in connection herewith	Upon execution of this Agreement, and, if requested, each Confirmation	Yes
Party B	Opinion of legal advisors to Party B substantially in the form attached hereto and satisfactory to Party A	Upon execution of this Agreement	No
Party A	Opinion of internal legal counsel of Party A	Upon execution of this Agreement	No
Party B	Certified copies of all resolutions required to authorize the signing, delivery and performance of the [applicable] Credit Support Document by the Credit Support Provider and appointing and empowering individuals with specimens of their respective signatures for and on behalf of the Credit Support Provider to sign and deliver the [applicable] Credit Support Document and sign under seal or otherwise and deliver all agreements, documents and instruments, and give all instructions, in connection herewith	Upon execution of this Agreement	Yes
Party B	Credit Support Document as referenced in Part 4(e) of this Schedule	Upon Execution of this Agreement	Yes

**Part 4. Miscellaneous.**

(a) **Address for Notices.** For the purpose of Section 12(a) of this Agreement:-

Address for notices or communications to Party A with respect to this Agreement shall be given to it at the following address:

Address: Royal Bank of Canada  
2<sup>nd</sup> Floor  
Royal Bank Plaza  
200 Bay Street  
Toronto, Ontario  
CANADA M5J 2W7

Attention: Managing Director, Global Middle Office

Facsimile No.: (416) 842-4839

Unless otherwise provided herein, address for notices or communications to Party A relating to a particular Swap Transaction concluded with its **Toronto** office, shall be given to it at the following address:

<b>Swap Transaction</b>
Royal Bank of Canada 5 <sup>th</sup> Floor, North Tower Royal Bank Plaza 200 Bay Street Toronto, Ontario CANADA M5J 2W7
Attention: Manager, Capital Market Products Operations
Facsimile No.: (416) 842-4303 or (416) 842-4304

Address for notices or communications to Party A relating to a particular Swap Transaction concluded with its **New York Office**, shall be given to it at the following address:-

<b>Swap Transaction</b>
Royal Bank of Canada New York Branch One Liberty Plaza, 2 <sup>nd</sup> Floor 165 Broadway New York, New York 10006-1404 U.S.A
Attention: RBC DS Global Markets Capital Markets Group
Telex: 420464 Answerback: RBOC
Facsimile No.: 212-428-3018

Address for notices or communications to Party B with respect to this Agreement and any Transactions shall be given to it at the following address:

Address: The County of York, Pennsylvania  
York County Administrative Offices  
One West Marketway, 4<sup>th</sup> Floor  
York, PA 17401

Attention: Chief Clerk

Telephone: (717) 771-9304

Facsimile No.: (717) 771-9804

With a copy to the Trustee:

Address: [PLEASE ADVISE]

Attention: TBD

Telephone: TBD

Facsimile No.: TBD

- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:-  
Party A appoints as its Process Agent - None  
Party B appoints as its Process Agent - None
- (c) **Offices.** The provisions of Section 10(a) will apply to Party A and Party B; provided, however, that without in any way limiting the effect of the foregoing, each party agrees to deal first with the Office of the other party specified in the Confirmation rather than such party's head or home office with respect to resolving any default that results solely from wire transfer difficulties or an error or omission of an administrative or operational nature. Notwithstanding the foregoing, a party (the "Owed Party") may seek payment from the head or home office of the other party (the "Owing Party") with respect to this Agreement in the event that an amount payable to the Owed Party by the Owing Party pursuant to this Agreement as a result of the designation of an Early Termination Date has not been paid in full when due.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:-  
Party A is a Multibranch Party and may act through its Toronto and New York offices.  
Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent is Party A unless otherwise specified in a Confirmation in relation to the relevant Transaction. With respect to Section 5(a)(ii) of the Agreement, if a party hereto is designated as the Calculation Agent for any Transaction, then Section 5(a)(ii) shall not include any failure by that party to comply with its obligations as Calculation Agent and the sole remedy of the other party for such failure shall be the right, upon notice to the Calculation Agent, to designate itself or a third party as a replacement Calculation Agent.
- (e) **Credit Support Document.** Details of any Credit Support Document with respect to Party B:- None.
- (f) **Credit Support Provider.** Credit Support Provider means in relation to Party B:- None.
- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York.
- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply to all Transactions.
- (j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement . Section 3(c) is hereby amended by deletion of the phrase "or any of its Affiliates" in lines 1 and 2 thereof.

#### Part 5. Other Provisions.

1. **Definitions.** This Agreement, each Confirmation, and each Transaction are subject to the 1992 ISDA U.S. Municipal Counterparty Definitions (the "1992 Muni Definitions") and the 2000 ISDA Definitions (the "2000 Definitions" and, together with the 1992 Muni Definitions, the "Definitions"), as published by the International Swaps and Derivatives Association, Inc., and will be governed in all respects by the provisions set forth in the Definitions with references to "Swap Transaction" therein being a reference to "Transaction" for purposes of this Agreement. The provisions of the Definitions are incorporated by reference in, and made part of, this Agreement as if set forth in full in this Agreement and each Confirmation. In the event of any inconsistency between (i) (A) the provisions of this Schedule and the Master Agreement of which it is a part; and (B) the Definitions, the provisions set forth in this Schedule will prevail; and (ii) in the event of any inconsistency between (A) the provisions of a Confirmation, and (B) any of this Schedule, the Master Agreement or the Definitions, the provisions set forth in the Confirmation will prevail.
2. **Obligations Binding.** For purposes of Section 3(a)(v) the representation as to enforceability of such obligation shall also be subject to the fact that judgments awarded by Canadian courts may only be in Canadian dollars and that such judgments may be awarded based on a rate of exchange in existence on a day other than the day of payment.
3. **Illegality.** For purposes of Section 5(b)(i), the obligation of Party A to comply with any official directive issued or given by any government agency or authority with competent jurisdiction which has the result referred to in Section 5(b)(i) will be deemed to be an "Illegality".
4. **Payments on Early Termination - Events of Default - Second Method.**

Section 6 of this Agreement is amended by the inclusion of the following Section 6(f):

"(f) Conditions to Certain Payments. Notwithstanding the provisions of Section 6(e)(i)(3) and (4), as applicable, if the amount referred to therein is a positive number, the Defaulting Party will pay such amount to the Non-defaulting Party, and if the amount referred to therein is a negative number, the Non-defaulting Party shall have no obligation to pay any amount thereunder to the Defaulting Party unless and until the conditions set forth in (i) and (ii) below have been satisfied at which time there shall arise an obligation of the Non-defaulting Party to pay to the Defaulting Party an amount equal to the absolute value of such negative number less any and all amounts which the Defaulting Party may be obligated to pay under Section 11:

- (i) the Non-defaulting Party shall have received confirmation satisfactory to it in its sole discretion (which may include an unqualified opinion of its counsel) that (x) no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of Terminated Transactions will be required to be made in accordance with Section 6(c)(ii) and (y) each Specified Transaction shall have terminated pursuant to its specified termination date or through the exercise by a party of a right to terminate and all obligations owing under each such Specified Transaction shall have been fully and finally performed; and
- (ii) all obligations (contingent or absolute, matured or unmatured) of the Defaulting Party and any Affiliate of the Defaulting Party to make any payment or delivery to the Non-defaulting Party or any Affiliate of the Non-defaulting Party shall have been fully and finally performed."

5. **Execution.** Section 9(e)(ii) of this Agreement is deleted and replaced in its entirety with the following provision:

"(ii) Execution of Transactions. The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by exchange of electronic messages on an electronic messaging system, facsimile transmissions or other delivery, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. With respect to

Confirmations created by an exchange of electronic messages, facsimile transmissions or other delivery, only those terms which match and are contained in the messages sent by both parties will form the Confirmation of the Transaction. Where a Transaction is confirmed by means of electronic messaging system (including, without limitation, circumstances where such electronic message is printed and faxed or otherwise delivered by one party to the other party) such confirmation will constitute a 'Confirmation' as referred to in this Agreement even where not so specified in the Confirmation. The location, branch or office of each party to which payment or delivery is required under the terms of a Transaction shall be deemed to be an "Office" for purposes of Section 10 of the Agreement even where the Confirmation does not expressly identify such location, branch or office as an "Office".

6. **Service of Process.** With respect to the provisions of Section 13(c) of the Agreement, the reference therein to Section 12 to the contrary notwithstanding, no consent is given by either party to service of process by telex, facsimile transmission or electronic messaging system.

7. **Equivalency Clause.** For the purpose of disclosure pursuant to the Interest Act (Canada), if a rate of interest payable under the Agreement (the "Agreement Interest Rate") is calculated on a basis other than a full calendar year, then an equivalent rate of interest calculated on a basis of a full calendar year (the "Equivalent Interest Rate") must also be disclosed. In such circumstances, the Equivalent Interest Rate may be determined by multiplying the Agreement Interest Rate by a fraction, the numerator of which is the actual number of days in the calendar year in which the Equivalent Interest Rate is to be ascertained and the denominator of which is the number of days comprising the basis on which the Agreement Interest Rate is calculated.

8. **Set-Off.** Section 6 of this Agreement is amended by adding the following Section as Section 6(g):

"(g) **Set-Off.** Any Amount (the "Early Termination Amount") payable to one party (the "Payee") by the other party (the "Payer") under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event under Section 5(b)(iv) has occurred, will, at the option of the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by its set-off against any amount(s) (the "Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) or undertaking(s) issued or executed by one party to, or in favour of, the other party (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Section 6(f). For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party is able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency. If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which either party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

9. **Relationship Between Parties.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for the Transaction):

(a) **Non Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as

investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction. It has not made any representation, nor is it relying on any communication (written or oral) of the other party, with respect to whether, how, when or in what manner a derivative transaction will be hedged; it being understood that this representation expressly supersedes any communication (written or oral) which may have occurred between the parties with respect to whether, how, when or in what manner a derivative transaction may be hedged.

- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming and assumes, the risks of that Transaction.
  - (c) **Status of Parties.** The other party is not acting as a fiduciary for or as an advisor to it in respect of that Transaction.
10. **Electronic Signatures.** Party A confirms, and Party B acknowledges, that Party A uses a computer-based system to execute certain Confirmations and that each such Confirmation executed by Party A by means of an electronically-produced signature shall have the same legal effect as if such signature had been manually written on such Confirmation and that each such Confirmation shall be deemed to have been signed for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Agreement, each party expressly waives any right to raise any defence or waiver of liability based upon the execution of a Confirmation by Party A by means of an electronically-produced signature. This provision shall apply to all Confirmations outstanding as of the date hereof and executed by Party A by means of an electronically-produced signature, and to all Confirmations in respect of Transactions entered into between Party A and Party B after the date hereof.
11. **Consent to Recording.** The parties agree that each may electronically record all telephonic conversations between their trading and marketing personnel and that any such tape recordings may be submitted in evidence in any Proceedings relating to the Agreement. In the event of any dispute between the parties as to the terms of any Transaction governed by this Agreement, the parties may use the electronic recordings as the preferred evidence of the terms of the Transaction, notwithstanding the existence of any writing to the contrary.
12. **Representations, Warranties and Acknowledgments Relating to Status as "Eligible Contract Participant".** Each party represents and warrants to the other party that:
- (i) it is an "eligible contract participant" within the meaning of Commodities Futures Modernization Act of 2000 (the "Act"); and
  - (ii) it has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business.

In addition, each party acknowledges and agrees that (A) this Agreement and each Transaction constitutes a "swap agreement" within the meaning of the Act; (B) neither this Agreement or any Transaction is one of a fungible class of agreements that are standardized as to their material economic terms, within the meaning of the Act, and the material economic terms of each Transaction are subject to individual negotiation; and (C) the creditworthiness of the other party was or will be a material consideration in entering into or determining the terms of this Agreement and each

Transaction, including pricing, cost or credit enhancement terms of the Agreement or Transaction, within the meaning of the Act.

13. **Waiver of Jury Trial.** Each party hereto irrevocably waives any and all right to trial by jury in any suit, action or proceeding arising out of or relating to this Agreement or any Transaction hereunder.

**Royal Bank of Canada**

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

Name:

Title:

**The County of York, Pennsylvania**

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

Name:

Title:

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

Name:

Title:

3

3

3

DRAFT February 13, 2006

[LOGO]

Fax # 1-717-771-9804

[TBD FEB 2006]

COUNTY OF YORK, PENNSYLVANIA

YORK COUNTY ADMINISTRATIVE OFFICES  
ONE WEST MARKETWAY, 4<sup>TH</sup> FLOOR  
YORK, PA  
USA, 17401

Attention: Chief Clerk / Administrator

Re: SWAP Transaction MATURING 01 Jun 2033 FOR [TBD USD 74,890,000.00]

(Our Ref. No. xxxxxxxx / xxxxxxxx / xxxxxxxx)

Dear Sir or Madam:

The purpose of this letter is to set forth the terms and conditions of the Transactions entered into between us on the Trade Date specified below (the Transaction). This letter constitutes a Confirmation as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of [TBD Feb 2006], as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Notional Amount: [TBD USD 74,890,000.00]

Trade Date: [TBD 23 Feb 2006]

Effective Date: [TBD Feb 2006]

Termination Date: 01 Jun 2033

Floating Amounts:

Floating Notional Amount:	[TBD USD 74,890,000.00] (see Cashflow attached)
Floating Rate Payer:	ROYAL BANK OF CANADA
Spread	[Plus TBD percent]
Floating Rate Payer Payment Dates:	SEMI-ANNUALLY on 01 Jun and 01 Dec commencing on 01 Jun 2006 subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.
Floating Rate for initial Calculation Period:	To be determined
Floating Rate Option:	USD-LIBOR-BBA * 67%
Designated Maturity:	1MONTH
Floating Rate Day Count Fraction:	Actual/360
Reset Dates:	The Effective Date and on the first of each month commencing on 01 Jun 2006.
Method of Averaging:	Weighted Average
Business Day:	New York
Compounding:	Not applicable.
Fee:	Not applicable.
<b>Floating Amounts:</b>	
Floating Notional Amount:	[TBD USD 74,890,000.00] (see Cashflow attached)
Floating Rate Payer:	COUNTY OF YORK, PENNSYLVANIA
Spread	0.00000 percent
Floating Rate Payer Payment Dates:	SEMI-ANNUALLY on 01 Jun and 01 Dec commencing on 01 Jun 2006 subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.
Floating Rate for initial Calculation Period:	To be determined
Floating Rate Option:	USD-BMA Municipal Swap Index; provided, however that, the Floating Rate for a Calculation Period inclusive of the Spread (the "Aggregate") payable by COUNTY OF YORK, PENNSYLVANIA shall not be more than [TBD %] (the "Maximum") and, in the event that, in any Calculation Period, the Aggregate is more than the Maximum, it shall be deemed to be equal to the Maximum for such Calculation Period.

Floating Rate Day Count Fraction: **Actual/Actual**

Business Day: **New York**

Compounding: **Not applicable.**

Fee: **Not applicable.**

### 3. Account Details

Payments to **ROYAL BANK OF CANADA** **JPMORGAN CHASE BANK N.A. NEW YORK**  
ABA #021000021  
Account #: 001-1-153004  
ROYCCAT3IMM

Payments to **COUNTY OF YORK, PENNSYLVANIA** **[PLEASE ADVISE]**

### 4. Offices:

(a) The Office of the **COUNTY OF YORK, PENNSYLVANIA** for the Transaction is:

**YORK COUNTY ADMINISTRATIVE OFFICES  
ONE WEST MARKETWAY, 4<sup>TH</sup> FLOOR  
YORK, PA  
USA, 17401**

(b) The Office of **ROYAL BANK OF CANADA** for the Transaction is:

**5TH FL N TWR ROYAL BANK PLAZA  
TORONTO, ON  
CANADA, M5J 2W7**

### 5. Other.

#### 1. THIRD PARTY PAYMENTS

Promptly after execution of this Confirmation by both parties and upon receipt of an invoice from the respective third parties specified below, Royal Bank of Canada ("Party A") will pay on behalf of the County of York, Pennsylvania ("Party B") up-front costs relating to this Transaction in an aggregate amount not to exceed [TBD USD \$\_\_\_], payable to **Investment Management Advisory Group, Swap Advisor (\$TBD), Rhoads & Sinon LLP, Swap Counsel (\$TBD), and TBD, Swap Insurer (\$TBD)**. These payments are reflected in, and have decreased the fixed rate spread payable by Party A hereunder.

Party B hereby acknowledges and agrees that, immediately upon the making of the USD payments (referred to as "Payment") as described in the immediately preceding paragraph under this Transaction, in accordance with the above USD payment instructions, Party A shall have fully and finally completed its obligations under this Transaction in respect of such Payment and shall have no further obligations or liabilities to Party B under this Transaction or to any other person or entity in regard thereto.

Party B further acknowledges and agrees that it will indemnify and save harmless Party A from and against any and all liability, loss, harm, damage, cost or expense, including reasonable legal fees, which Party A may suffer, incur or sustain as a result to any suit, claim or demand brought or commenced against Party A arising out of the making of the Payment under this Transaction in accordance with the above direction.

## 2. RELATED BONDS

For purposes of this Transaction "Related Bonds" shall mean the Party B's General Obligation Bonds, Series of 2006, and any Bonds issued by Party B to refund the Related Bonds.

## 3. MAXIMUM INTEREST RATE

The maximum interest rate (the "Maximum Interest Rate") payable by Party B with respect to the Transaction for periodic scheduled payments pursuant to this Transaction, not including termination payments, will not exceed [TBD %] per annum.

The maximum net scheduled payments by fiscal year by Party B pursuant to this Transaction will not exceed the Maximum Interest Rate for periodic scheduled payments pursuant to this Transaction, not including any termination payments.

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing Transaction to which this Confirmation relates and which indicates your agreement to those terms.

RBC confirms, and the Counterparty acknowledges, that this Confirmation has been executed by RBC by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that each such Confirmation shall be deemed to have been signed by RBC for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Confirmation, each party expressly waives any right to raise any defence or waiver of liability based upon the execution of this Confirmation by RBC by means of an electronically-produced signature.

Telephone No.: 416 842-5106

Facsimile No : 416 842-4902

Yours sincerely,

Confirmed as of the date first written:

For and on behalf of

For and on behalf of

**ROYAL BANK OF CANADA**

**COUNTY OF YORK, PENNSYLVANIA**

By: [ \_\_\_\_\_ ]

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

Authorized signature

Authorized signature

**ROYAL BANK OF CANADA pays USD Float to COUNTY OF YORK, PENNSYLVANIA (Our  
Ref. No. XXXXXXX / XXXXXX)**

**[PRELIMINARY, ACTUAL CASHFLOWS TO BE SYSTEM GENERATED]**

<u>From (including)</u>	<u>To (excluding)</u>	<u>Balance</u>	<u>Amort</u>
TBD	6/1/2008	74,890,000	345,000
6/1/2008	12/1/2008	74,545,000	
12/1/2008	6/1/2009	74,545,000	215,000
6/1/2009	12/1/2009	74,330,000	
12/1/2009	6/1/2010	74,330,000	2,235,000
6/1/2010	12/1/2010	72,095,000	
12/1/2010	6/1/2011	72,095,000	2,330,000
6/1/2011	12/1/2011	69,765,000	
12/1/2011	6/1/2012	69,765,000	2,440,000
6/1/2012	12/1/2012	67,325,000	
12/1/2012	6/1/2013	67,325,000	2,555,000
6/1/2013	12/1/2013	64,770,000	
12/1/2013	6/1/2014	64,770,000	2,690,000
6/1/2014	12/1/2014	62,080,000	
12/1/2014	6/1/2015	62,080,000	2,845,000
6/1/2015	12/1/2015	59,235,000	
12/1/2015	6/1/2016	59,235,000	3,005,000
6/1/2016	12/1/2016	56,230,000	
12/1/2016	6/1/2017	56,230,000	3,165,000
6/1/2017	12/1/2017	53,065,000	
12/1/2017	6/1/2018	53,065,000	3,345,000
6/1/2018	12/1/2018	49,720,000	
12/1/2018	6/1/2019	49,720,000	3,530,000
6/1/2019	12/1/2019	46,190,000	
12/1/2019	6/1/2020	46,190,000	3,735,000
6/1/2020	12/1/2020	42,455,000	
12/1/2020	6/1/2021	42,455,000	2,210,000
6/1/2021	12/1/2021	40,245,000	
12/1/2021	6/1/2022	40,245,000	2,340,000
6/1/2022	12/1/2022	37,905,000	
12/1/2022	6/1/2023	37,905,000	2,485,000
6/1/2023	12/1/2023	35,420,000	
12/1/2023	6/1/2024	35,420,000	2,640,000
6/1/2024	12/1/2024	32,780,000	
12/1/2024	6/1/2025	32,780,000	2,810,000
6/1/2025	12/1/2025	29,970,000	
12/1/2025	6/1/2026	29,970,000	3,000,000
6/1/2026	12/1/2026	26,970,000	
12/1/2026	6/1/2027	26,970,000	3,180,000
6/1/2027	12/1/2027	23,790,000	
12/1/2027	6/1/2028	23,790,000	3,375,000
6/1/2028	12/1/2028	20,415,000	
12/1/2028	6/1/2029	20,415,000	3,590,000
6/1/2029	12/1/2029	16,825,000	
12/1/2029	6/1/2030	16,825,000	3,820,000
6/1/2030	12/1/2030	13,005,000	
12/1/2030	6/1/2031	13,005,000	4,055,000
6/1/2031	12/1/2031	8,950,000	
12/1/2031	6/1/2032	8,950,000	4,320,000
6/1/2032	12/1/2032	4,630,000	
12/1/2032	6/1/2033	4,630,000	4,630,000

**EXHIBIT C**

**AMENDED MAXIMUM SCHEDULED PAYMENT OBLIGATIONS UNDER THE 2006  
BONDS ENABLING ORDINANCE (FIXED RATES) AND THE 2006 BASIS SWAP  
(MAXIMUM 25%)**



**Estimated Periodic Scheduled Net Payments**

Existing Debt Service Series 2006 Bonds					2006 Basis Swap Assumes 10 Yr. Avg. of BMA & 1-Month LIBOR				Net Payments		Savings	
Date	Principal	Coupon	Interest	Debt Service	FY Total Debt Service	Est. Receipt		Est. Floating Payment		Net Debt Service	Net FY Total Debt Service	Net FY Savings
						Receipt @ (1) 3.070%	Annual Receipt	Payment @ (2) 2.680%	Annual Payment			
3/1/2006												
6/1/2006												
12/1/2006			1,352,315	1,352,315		(574,781)		501,763		1,279,297		
6/1/2007			1,789,829	1,789,829	3,142,144	(1,149,562)	(1,724,342)	1,003,526	1,505,289	1,643,793	2,923,091	219,053
12/1/2007			1,789,829	1,789,829		(1,149,562)		1,003,526		1,643,793		
6/1/2008	345,000	3.250%	1,789,829	1,789,829	3,579,658	(1,149,562)	(2,299,123)	1,003,526	2,007,052	1,643,793	3,287,587	292,071
12/1/2008			1,784,223	1,784,223	3,919,051	(1,149,562)		1,003,526		1,988,793		
6/1/2009	215,000	3.350%	1,784,223	1,999,223		(1,144,266)	(2,293,827)	998,903	2,002,429	1,638,860	3,627,653	291,398
12/1/2009			1,780,621	1,780,621	3,779,844	(1,144,266)		998,903		1,853,860		
6/1/2010	2,235,000	3.500%	1,780,621	4,015,621		(1,140,966)	(2,285,231)	996,022	1,994,925	1,635,678	3,489,538	290,306
12/1/2010			1,741,509	1,741,509	5,757,130	(1,140,966)		996,022		3,870,678		
6/1/2011	2,330,000	4.000%	1,741,509	4,071,509		(1,106,658)	(2,247,624)	966,073	1,962,095	1,600,924	5,471,601	285,529
12/1/2011			1,694,909	1,694,909	5,766,418	(1,106,658)		966,073		3,930,924		
6/1/2012	2,440,000	4.000%	1,694,909	4,134,909		(1,070,893)	(2,177,551)	934,851	1,900,924	1,558,867	5,489,791	276,627
12/1/2012			1,646,109	1,646,109	5,781,018	(1,070,893)		934,851		3,998,867		
6/1/2013	2,555,000	4.250%	1,646,109	4,201,109		(1,033,439)	(2,104,332)	902,155	1,837,006	1,514,825	5,513,692	267,326
12/1/2013			1,591,815	1,591,815	5,792,924	(1,033,439)		902,155		4,069,825		
6/1/2014	2,690,000	5.000%	1,591,815	4,281,815		(994,220)	(2,027,658)	867,918	1,770,073	1,465,514	5,535,339	257,585
12/1/2014			1,524,565	1,524,565	5,806,380	(994,220)		867,918		4,155,514		
6/1/2015	2,845,000	5.000%	1,524,565	4,369,565		(952,928)	(1,947,148)	831,872	1,699,790	1,403,509	5,559,023	247,358
12/1/2015			1,453,440	1,453,440	5,823,005	(952,928)		831,872		4,248,509		
6/1/2016	3,005,000	4.500%	1,453,440	4,458,440		(909,257)	(1,862,185)	793,749	1,625,621	1,337,932	5,586,441	236,564
12/1/2016			1,385,828	1,385,828	5,844,268	(909,257)		793,749		4,342,932		
6/1/2017	3,165,000	5.000%	1,385,828	4,550,828		(863,131)	(1,772,388)	753,482	1,547,231	1,276,179	5,619,111	225,157
12/1/2017			1,306,703	1,306,703	5,857,530	(863,131)		753,482		4,441,179		
6/1/2018	3,345,000	5.000%	1,306,703	4,651,703		(814,548)	(1,677,678)	711,071	1,464,553	1,203,226	5,644,405	213,125
12/1/2018			1,223,078	1,223,078	5,874,780	(814,548)		711,071		4,548,226		
6/1/2019	3,530,000	5.000%	1,223,078	4,753,078		(763,202)	(1,577,750)	666,248	1,377,319	1,126,124	5,674,349	200,431
12/1/2019			1,134,828	1,134,828	5,887,905	(763,202)		666,248		4,656,124		
6/1/2020	3,735,000	5.000%	1,134,828	4,869,828		(709,017)	(1,472,219)	618,946	1,285,194	1,044,757	5,700,881	187,025
12/1/2020			1,041,453	1,041,453	5,911,280	(709,017)		618,946		4,779,757		
6/1/2021	2,210,000	5.000%	1,041,453	3,251,453		(651,684)	(1,360,701)	568,897	1,187,843	958,665	5,738,422	172,858
12/1/2021			986,203	986,203	4,237,655	(651,684)		568,897		3,168,665		
6/1/2022	2,340,000	5.000%	986,203	3,326,203		(617,761)	(1,269,445)	539,283	1,108,180	907,725	4,076,390	161,265
12/1/2022			927,703	927,703	4,253,905	(617,761)		539,283		3,247,725		
6/1/2023	2,485,000	5.000%	927,703	3,412,703		(581,842)	(1,199,603)	507,927	1,047,210	853,788	4,101,513	152,393
12/1/2023			865,578	865,578	4,278,280	(581,842)		507,927		3,338,788		
6/1/2024	2,640,000	4.750%	865,578	3,505,578		(543,697)	(1,125,539)	474,628	982,555	796,509	4,135,296	142,984
12/1/2024			802,878	802,878	4,308,455	(543,697)		474,628		3,436,509		
6/1/2025	2,810,000	4.750%	802,878	3,612,878		(503,173)	(1,046,870)	439,252	913,880	738,957	4,175,465	132,990
12/1/2025			736,140	736,140	4,349,018	(503,173)		439,252		3,548,957		
6/1/2026	3,000,000	5.000%	736,140	3,736,140		(460,040)	(963,213)	401,598	840,850	677,699	4,226,655	122,363
12/1/2026			661,140	661,140	4,397,280	(460,040)		401,598		3,677,699		
6/1/2027	3,180,000	4.600%	661,140	3,841,140		(413,990)	(874,029)	361,398	762,996	608,549	4,286,247	111,033
12/1/2027			588,000	588,000	4,429,140	(413,990)		361,398		3,788,549		
6/1/2028	3,375,000	4.600%	588,000	3,963,000		(365,177)	(779,166)	318,786	680,184	541,610	4,330,158	98,982
12/1/2028			510,375	510,375	4,473,375	(365,177)		318,786		3,916,610		
6/1/2029	3,590,000	5.000%	510,375	4,100,375		(313,370)	(678,547)	273,561	592,347	470,566	4,387,175	86,200
12/1/2029			420,625	420,625	4,521,000	(313,370)		273,561		4,060,566		
6/1/2030	3,820,000	5.000%	420,625	4,240,625		(258,264)	(571,634)	225,455	499,016	387,816	4,448,382	72,618
12/1/2030			325,125	325,125	4,565,750	(258,264)		225,455		4,207,816		
6/1/2031	4,055,000	5.000%	325,125	4,380,125		(199,627)	(457,891)	174,267	399,722	299,765	4,507,582	58,169
12/1/2031			223,750	223,750	4,603,875	(199,627)		174,267		4,354,765		
6/1/2032	4,320,000	5.000%	223,750	4,543,750		(137,383)	(337,009)	119,930	294,197	206,298	4,561,063	42,812
12/1/2032			115,750	115,750	4,659,500	(137,383)		119,930		4,526,298		
6/1/2033	4,630,000	5.000%	115,750	4,745,750		(71,071)	(208,453)	62,042	181,972	106,722	4,633,019	26,481
12/1/2033			-	-	4,745,750	(71,071)		62,042		4,736,722		
	74,890,000		61,456,315	136,346,315	136,346,315	(38,412,224)	(38,412,224)	33,532,495	33,532,495	131,466,586	131,466,586	4,879,729

(1) Rate equal 10 Year Average of 67% of 1-Month LIBOR (2.66%) plus estimated spread of 0.41%.  
(2) Rate equal 10 Year Average of BMA.

**CERTIFICATE**

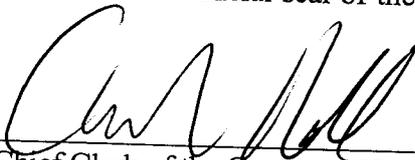
I, the undersigned, Chief Clerk of the COUNTY OF YORK, Pennsylvania (the "County"), certify that: the foregoing is a true and correct copy of an Ordinance that duly was enacted by affirmative vote of a majority of all members of the Board of County Commissioners of the County at a meeting duly held on February 22, 2006; 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	-	aye
Douglas E. Kilgore	-	
Steve Chronister	-	aye

IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this 22<sup>nd</sup> day of February, 2006.

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

(SEAL)