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COUNTY OF DAUPHIN,
Commonwealth of Pennsylvania

ORDINANCE NO. #1 - 2009

OF THE BOARD OF COMMISSIONERS OF COUNTY OF DAUPHIN, COMMONWEALTH OF PENNSYLVANIA, AMENDING ORDINANCE NO. 6-2002 ENACTED SEPTEMBER 10, 2002 (AUTHORIZING GENERAL OBLIGATION BONDS, SERIES A OF 2002) TO ESTABLISH AND AUTHORIZE A MAXIMUM RATE ON NET PAYMENTS (EXCLUDING PRINCIPAL) DUE ON SAID BONDS MATURING NOVEMBER 15, 2014 THROUGH AND INCLUDING NOVEMBER 15, 2024, PLUS PERIODIC SCHEDULED PAYMENTS (WHICH EXCLUDE TERMINATION PAYMENTS) THAT MAY BECOME DUE UNDER THE QUALIFIED INTEREST MANAGEMENT AGREEMENT APPROVED HEREIN AT THE MAXIMUM RATE SPECIFIED IN SUCH QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AMENDING ORDINANCE NO. 2-2005 ENACTED JUNE 29, 2005 (AUTHORIZING GENERAL OBLIGATION BONDS, SERIES A OF 2005, GENERAL OBLIGATION BONDS, SERIES B OF 2005 AND GENERAL OBLIGATION BONDS, SERIES C OF 2005) TO ESTABLISH AND AUTHORIZE A MAXIMUM RATE ON NET PAYMENTS (EXCLUDING PRINCIPAL) DUE ON THE SERIES C OF 2005 BONDS MATURING NOVEMBER 15, 2014 THROUGH AND INCLUDING NOVEMBER 15, 2024, PLUS PERIODIC SCHEDULED PAYMENTS (WHICH EXCLUDE TERMINATION PAYMENTS) THAT MAY BECOME DUE UNDER THE QUALIFIED INTEREST MANAGEMENT AGREEMENT APPROVED HEREIN AT THE MAXIMUM RATE SPECIFIED IN SUCH QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AMENDING ORDINANCE NO. 2-2006 ENACTED JUNE 7, 2006 (AUTHORIZING GENERAL OBLIGATION BONDS, SERIES OF 2006 (TAX-EXEMPT FIXED RATE) AND GENERAL OBLIGATION BONDS, SERIES OF 2007 (TAX-EXEMPT VARIABLE RATE)) TO ESTABLISH AND AUTHORIZE A MAXIMUM RATE ON NET PAYMENTS (EXCLUDING PRINCIPAL) DUE ON THE SERIES 2006 BONDS MATURING NOVEMBER 15, 2014 THROUGH AND INCLUDING NOVEMBER 15, 2023, PLUS PERIODIC SCHEDULED PAYMENTS (WHICH EXCLUDE TERMINATION PAYMENTS) THAT MAY BECOME DUE UNDER THE QUALIFIED INTEREST

MANAGEMENT AGREEMENT APPROVED HEREIN AT THE MAXIMUM RATE SPECIFIED IN SUCH QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AUTHORIZING AND APPROVING A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT (INTEREST RATE SWAP AGREEMENT) WITH RESPECT TO THE AFORESAID MATURITIES OF THE AFORESAID GENERAL OBLIGATION BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; SETTING FORTH AND ADOPTING AN INTEREST RATE MANAGEMENT PLAN; DECLARING THE MANNER IN WHICH THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT IS TO BE AWARDED; MAKING CERTAIN COVENANTS OF THIS COUNTY WHICH ARE INTENDED TO SECURE THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT; AUTHORIZING APPROPRIATE OFFICERS OF THIS COUNTY TO TAKE CERTAIN ACTIONS AND TO SIGN CERTAIN DOCUMENTS; AND CONTAINING RELATED PROVISIONS.

WHEREAS, County of Dauphin, Commonwealth of Pennsylvania (the “County”) is a County of the Third Class of the Commonwealth of Pennsylvania (the “Commonwealth”), is governed by its Board of 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, This County, to finance authorized projects, heretofore has authorized, issued, and delivered a series of bonds designated as its “General Obligation Bonds, Series A of 2002,” in the original aggregate principal amount of \$16,500,000, which bonds are issued in serial maturities with the latest stated to mature on November 15, 2024 (the “2002A Bonds”), which were authorized and secured by Ordinance No. 6-2002 of this County enacted by the Board on September 10, 2002 (the “2002A Bonds Enabling Ordinance”); and

WHEREAS, The proceedings for the incurrence of nonelectoral indebtedness of this County represented by the 2002A Bonds were approved by the Pennsylvania Department of

Community and Economic Development (the “Department”) under Approval No. GOB-14752, dated October 7, 2002; and

WHEREAS, The 2002A Bonds bear interest at fixed rates, and with annual payments, set forth in the 2002A Bonds Enabling Ordinance; and

WHEREAS, This County, to finance authorized projects, heretofore has authorized, issued, and delivered a series of bonds designated as its “General Obligation Bonds, Series C of 2005,” in the original aggregate principal amount of \$16,975,000, which bonds are issued in serial maturities with the latest stated to mature on November 15, 2024 (the “2005C Bonds”), which were authorized and secured by Ordinance No. 2-2005 of this County enacted by the Board on June 29, 2005 (the “2005C Bonds Enabling Ordinance”); and

WHEREAS, The proceedings for the incurrence of nonelectoral indebtedness of this County represented by the 2005C Bonds were approved by the Pennsylvania Department of Community and Economic Development (the “Department”) under Approval No. GOB-16008, dated July 29, 2005; and

WHEREAS, The 2005C Bonds bear interest at fixed rates, and with annual payments, set forth in the 2005C Bonds Enabling Ordinance; and

WHEREAS, This County, to finance authorized projects, heretofore has authorized, issued, and delivered a series of bonds designated as its “General Obligation Bonds, Series of 2006,” in the original aggregate principal amount of \$16,450,000, which bonds are issued in serial maturities with the latest stated to mature on November 15, 2023 (the “2006 Bonds”), which were authorized and secured by Ordinance No. 2-2006 of this County enacted by the Board on June 7, 2006 (the “2006 Bonds Enabling Ordinance”); and

WHEREAS, The proceedings for the incurrence of nonelectoral indebtedness of

this County represented by the 2006 Bonds were approved by the Pennsylvania Department of Community and Economic Development (the "Department") under Approval No. GOB-16325, dated July 5, 2006; and

WHEREAS, The 2006 Bonds bear interest at fixed rates, and with annual payments, set forth in the 2006 Bonds Enabling Ordinance; and

WHEREAS, The Board of this County has previously approved the execution and delivery of a qualified interest rate management agreement with respect to certain outstanding bonds of this County in conformity with the Debt Act by adoption of Ordinance 5-2004 on April 28, 2004 (the "2004 Swap Ordinance"); and

WHEREAS, the 2004 Swap Ordinance and related proceedings were duly filed with the Department by this County in conformity with the Debt Act on May 6, 2004; and

WHEREAS, pursuant to the 2004 Swap Ordinance and as authorized by the Debt Act, this County has entered into an ISDA Master Agreement and Schedule dated as of April 29, 2004 (together with all related schedules, supplements, exhibits and addenda, the "2004 Swap Agreement") with Royal Bank of Canada as the counterparty which contemplate the execution of various Confirmations to evidence specific interest rate management transactions between this County and such counterparty; and

WHEREAS, RBC Capital Markets Corporation has presented to the Board a proposal (the "Proposal") under which this County would enter into a qualified interest rate management agreement as a transaction to be evidenced by a Confirmation under the 2004 Swap Agreement (the "2009 Confirmation") with respect to portions of the following outstanding Bonds constituting the following maturities and having an aggregate principal amount of \$45,040,000, (collectively, the "Swapped Bonds"): (i) \$14,455,000 aggregate

principal amount of outstanding 2002A Bonds maturing on November 15, 2014 through and including November 15, 2024 as set forth in the 2002A Bonds Enabling Ordinance; (ii) \$14,955,000 aggregate principal amount of outstanding 2005C Bonds maturing on November 15, 2014 through and including November 15, 2024 as set forth in the 2005C Bonds Enabling Ordinance; and (iii) \$15,630,000 aggregate principal amount of outstanding 2006 Bonds maturing on November 15, 2014 through and including November 15, 2023 as set forth in the 2006 Bonds Enabling Ordinance; and

WHEREAS, The Debt Act, including the amendments made to the Debt Act by Act No. 2003-23, effective September 24, 2003, contemplate that a County may negotiate and enter into qualified interest rate management agreements consistent with the amended provisions of the Debt Act; and

WHEREAS, This County has received an “interest rate management plan,” as contemplated by the Debt Act, prepared by Susquehanna Group Advisors, Inc., an “independent financial advisor” to this County (the “Financial Advisor”), to provide the required fairness opinion as required by the Debt Act, as contemplated by the Debt Act (the “Interest Rate Management Plan”), which addresses certain financial aspects and risks of the qualified interest rate management agreement), with respect to the Swapped Bonds, as contemplated by the Proposal; and

WHEREAS, The Board of this County duly has read and considered the Proposal, the Interest Rate Management Plan, the 2004 Swap Agreement and the proposed terms and conditions of the proposed 2009 Confirmation (the 2009 Confirmation, as incorporating and governed by the 2004 Swap Agreement, is the “Swap Agreement”); and

WHEREAS, The Swap Agreement is consistent with the Interest Rate

Management Plan; and

WHEREAS, This County proposes to award the proposed qualified interest rate management agreement represented by the 2009 Confirmation to Royal Bank of Canada (the “Swap Provider”), at private sale by negotiation, and to enter into the 2009 Confirmation; and

WHEREAS, The Swap Provider possesses qualifications (including a credit rating) satisfying the criteria established by the Interest Rate Management Plan; and

WHEREAS, Under Section 8284 of the Debt Act, if the maximum net payments by fiscal year for periodic scheduled payments of this County, not including any termination payments, and interest on the Swapped Bonds, exceed the amount of interest approved in the proceedings of this County with respect to the Swapped Bonds filed with and approved by the Department, this County shall adopt an amendment to the 2002A Bonds Enabling Ordinance, the 2005C Bonds Enabling Ordinance and the 2006 Bonds Enabling Ordinance reflecting such increase; and

WHEREAS, The Board of this County desires to amend the 2002A Bonds Enabling Ordinance, the 2005C Bonds Enabling Ordinance and the 2006 Bonds Enabling Ordinance to increase the approved Bond interest rate to 25% in order to reflect the maximum net annual payments for periodic scheduled payments under the Swap Agreement and interest on those portions of the 2002A Bonds, 2005C Bonds and the 2006 Bonds, respectively, comprising Swapped Bonds, as approved by the Department, and as set forth in the 2009 Confirmation, all as contemplated by Sections 8281 and 8284 of the Debt Act; and

WHEREAS, The Board of this County desires to take all action necessary to adopt the Interest Rate Management Plan, authorize and approve the execution and delivery of the 2009 Confirmation and related instruments by this County, and to execute and deliver such

other documents as may be necessary to implement the Proposal.

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

SECTION 1. The Board of this County does hereby retain the Financial Advisor to serve in the capacity and perform the functions required under the Debt Act with respect to the qualified interest rate management agreement represented by the 2009 Confirmation . The Board of this County approves the Interest Rate Management Plan, a copy of which is attached hereto as Appendix A and, without limiting the generality of the foregoing, approves, ratifies and confirms the qualifications established by this County in the Interest Rate Management Plan for the selection of the provider of the Swap Agreement, which qualifications include, among other things, a rating for the provider of the Swap Agreement that is in one of the three highest rating categories of a nationally recognized credit rating agency.

SECTION 2. The Board of this County determines that the 2009 Confirmation and the Swap Agreement are in the best financial interest of this County, that the Swap Provider possesses the qualifications required by law and the Interest Rate Management Plan for a provider of a qualified interest rate management agreement, and that the qualified interest rate management agreement represented by the 2009 Confirmation shall be awarded at private sale by negotiation to the Swap Provider, as recommended by this County, consistent with the advice and counsel of the Financial Advisor.

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

- (1) The notional amount of the Swap Agreement at all times shall not exceed the outstanding principal amount of the Swapped Bonds, i.e. \$45,040,000;
- (2) The term of the Swap Agreement shall not exceed the latest maturity date of the

Swapped Bonds;

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

(4) The maximum annual interest rate which shall be required to be paid by this County under the 2009 Confirmation shall not exceed twenty-five percent (25%) per annum;

(5) The maximum net payments by fiscal year due and payable by this County with respect to (i) the Swapped Bonds (excluding principal of the Swapped Bonds) and (ii) the scheduled payments, not including any termination payments, due under the Swap Agreement calculated at the maximum rate specified therein, shall not exceed the aforesaid maximum interest rate;

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

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

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

SECTION 4. The Board of this County (i) does authorize and approve the 2009 Confirmation, which shall be substantially in the form attached hereto as **Appendix B** and (ii) hereby ratifies and affirms in all respects the 2004 Swap Agreement and its provisions as they relate to and govern the 2009 Confirmation, which shall be in substantially the form presented at this meeting with such changes and modifications as the proper officers or officials of the

County executing the same shall deem appropriate, with execution and delivery thereof constituting conclusive evidence of acceptance and approval of such changes.

SECTION 5. The maximum payment obligations in the 2002A Bonds Enabling Ordinance, the 2005C Bonds Enabling Ordinance and the 2006 Bonds Enabling Ordinance with respect to the Swapped Bonds are hereby amended to insert a maximum rate on net payments (excluding principal) due on the Swapped Bonds, plus maximum periodic scheduled payments (which exclude termination payments) under the 2009 Confirmation, of 25.0% per annum. Schedules following Appendix C hereto illustrate the maximum payments on the Swapped Bonds and the 2009 Confirmation, based on a maximum net interest rate of 25.0%, which supersede the schedules attached to or filed with the 2002A Bonds Enabling Ordinance, the 2005C Bonds Enabling Ordinance and the 2006 Bonds Enabling Ordinance, as the same may have been previously amended.

SECTION 6. Subject to the receipt of a final, written finding from the Financial Advisor that the financial terms and conditions of the Swap Agreement, including the 2009 Confirmation, are fair and reasonable to this County (which finding may be communicated orally on the final pricing call for the interest rate management agreement and promptly followed in writing by the Financial Advisor), such finding to be in form and substance satisfactory to the Budget Director of this County and legal counsel to this County, the Chairman or Vice Chairman of the Board of this County shall execute on behalf of this County such instruments and documents as may be necessary or appropriate to enter into, affirm, consummate and secure the Swap Agreement, including, the 2009 Confirmation, under the terms hereof, his or her execution thereof to constitute conclusive evidence of such approval; provided, however, that the 2009 Confirmation shall not be executed or delivered by the County unless and until it has been

demonstrated to the satisfaction of the Budget Director of the County, following consultation with the Financial Advisor, that (A) the County's two outstanding range accrual swap transactions with Deutsche Bank AG with respect to various maturities of the County's outstanding Series 2002A, Series 2004C, Series 2005B, Series 2005C and Series 2006 General Obligation Bonds have been terminated on terms economically beneficial to the County and (B) the floating rate of interest payable to the County by the Swap Provider under the 2009 Confirmation is not less than 80% of 3-month USD-LIBOR-BBA. Pending execution of the final 2009 Confirmation, the Budget Director, upon receipt of the oral confirmation of fairness by the Financial Advisor, may orally bind the County to the 2009 Confirmation on the final pricing call with the Swap Provider pending execution of the final 2009 Confirmation documentation.

SECTION 7. This County hereby covenants to do the following:

- (1) To include the periodic scheduled amounts payable under the Swap Agreement for each fiscal year of this County in the budget of this County for that fiscal year; and
- (2) To appropriate those amounts from the general revenues of this County for the payment of amounts due under the Swap Agreement.

SECTION 8. This County does hereby pledge its full faith, credit and taxing power for the budgeting, appropriation and payment of periodic scheduled payments due under and payable by it with respect to the Swap Agreement.

SECTION 9. This County does hereby covenant that the periodic scheduled payments due under the Swap Agreement, and the payments in respect of principal of and interest on the Swapped Bonds, shall be equally and ratably payable and secured; provided, however, that any termination payments due under the Swap Agreement shall be junior and

subordinate to such scheduled periodic payments and payments of principal and interest.

SECTION 10. This County hereby covenants to include any termination payment or similar payment under the Swap Agreement that may become due and payable by this County in this County's then current budget at any time during a fiscal year or in a budget adopted in a future fiscal year.

SECTION 11. This County covenants to include in its annual financial statements information with respect to the Swap Agreement, including any information required pursuant to any Statement issued by the Governmental Accounting Standards Board.

SECTION 12. The prior advertisement of a public notice of intent to adopt this Ordinance in one or more newspapers of general circulation in this County is hereby ratified and confirmed, and the advertisement of a public notice of the adoption of this Ordinance within 15 days following its adoption, as required by the Debt Act, is hereby authorized and directed. Proper officers of this County are hereby authorized and directed to arrange for the advertisement of such notices.

SECTION 13. The Chairman or Vice Chairman and the Secretary or an Assistant Secretary, respectively, of the Board of this County are authorized and directed, as required, necessary or appropriate: (a) to file with 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 any filing fees required in connection with the foregoing, and (c) to pay, or to authorize payment of, all other fees and expenses of this County incurred or to be incurred in connection with undertaking the Swap Agreement and implementing the 2009 Confirmation and the Proposal, including fees and expenses (including legal fees and expenses) of preparing, advertising and adopting this

Ordinance.

SECTION 14. The law firm of McNees Wallace & Nurick LLC is hereby appointed as swap counsel to the County in connection with the 2009 Confirmation and the transactions contemplated by this Ordinance.

SECTION 15. Proper officers of this County are authorized and requested to take all other required, necessary or appropriate action, or to authorize all other required necessary or appropriate action to be taken, by or on behalf of this County, to implement the Swap Agreement, the Proposal, the 2009 Confirmation and the approved Interest Rate Management Plan.

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

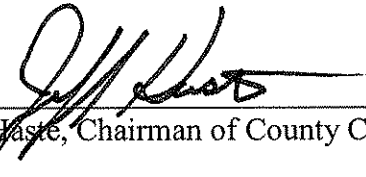
SECTION 17. This Ordinance shall be effective for all purposes immediately upon its adoption, as permitted by the Debt Act.


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 this 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 this County, in lawful session duly assembled, this 21st day of January, 2009.

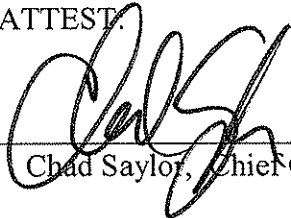
COUNTY OF DAUPHIN, PENNSYLVANIA

By: 
Jeff Haste, Chairman of County Commissioners

By: 
Dominic D. DiFrancesco, II, Vice Chairman of
County Commissioners

By: _____
George P. Hartwick, III, Secretary of County
Commissioners

ATTEST:


Chad Saylor, Chief Clerk

(SEAL)

This is to certify that the foregoing Resolution is a true and correct copy of the Resolution adopted by the Board of Commissioners of the County of Dauphin at its meeting held the 21st day of January, 2009.

By: 
Chief Clerk and County Executive