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COUNTY OF DAUPHIN

RESOLUTION # 5-2007

WHEREAS, The Board of Commissioners of this County heretofore acquired and constructed skilled nursing and rehabilitation facilities known as the Spring Creek Rehabilitation and Healthcare Center (the "Spring Creek Facility"); and

WHEREAS, Costs of acquisition and construction of the Spring Creek Facility were financed with proceeds of this County's General Obligation Bonds, Second Series of 2001, which bonds have been refunded and refinanced with a portion of the proceeds of this County's General Obligation Notes, Series C of 2004 (Tax-Exempt), in the original aggregate principal amount of \$22,915,000, dated as of May 15, 2004, of which amount \$10,140,000 attributable to the costs of the Spring Creek Facility remain outstanding (the "2004C Notes"), and proceeds of the County's General Obligation Bonds, Series B of 2005, in the original aggregate principal amount of \$12,895,000, dated as of August 1, 2005, all of which remain outstanding and are attributable to the Spring Creek Facility (the "2005B Bonds"), and

WHEREAS, The Board of Commissioners of this County has now sold and conveyed the Spring Creek Facility and has deposited the net proceeds of the sale in amount of \$13,855,000 (the "Net Proceeds") into a segregated deposit account with Manufacturers and Traders Trust Company, as paying agent for the 2004C Notes and the 2005B Bonds, which will now hold such funds in escrow for the use and benefit thereof as hereinafter provided (the "Escrow Agent");

WHEREAS, The Board of Commissioners of this County has determined to apply such sale proceeds toward the retirement of the maximum amount of 2004C Notes and 2005B Bonds possible while still maintaining an overall level debt service plan for this County by redeeming 2004C Notes and 2005B Bonds on the first available optional redemption dates and, pending such redemptions, by investing such sale proceeds in United States of America Treasury obligations, State and Local Government Series ("SLGs"), at the maximum rates available within the limitations of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Public Financial Management, Inc., as financial advisor to this County, has computed the principal amounts and scheduled maturities of 2004C Notes and 2005B Bonds that can be redeemed based upon the funds available and current interest rates or yields on SLGs, *to wit:*

- \$6,760,000 of the 2004C Notes composed of all 2004C Notes stated to mature on March 1, 2020, March 1, 2021, and March 1, 2022, and \$1,545,000 of the 2004C Notes stated to mature on March 1, 2023, and \$1,625,000 of the 2004C Notes stated to mature on March 1, 2024, upon optional redemption prior to stated maturities on March 1, 2014, and
- \$6,295,000 of the 2005B Bonds composed of \$1,030,000 of the 2005B Bonds stated to mature on November 15, 2015, \$1,085,000 of the 2005B Bonds stated to mature on November 15, 2016, \$1,140,000 of the 2005B Bonds stated to mature on November 15, 2017, \$1,195,000 of the 2005B Bonds stated to mature on November 15, 2018, \$1,245,000 of the 2005B Bonds stated to mature on November 15, 2019, \$145,000 of the 2005B Bonds stated to mature on November 15, 2020, \$195,000 of the 2005B Bonds stated to mature on November 15, 2021, and \$260,000 of the 2005B Bonds stated to mature on November 15,

2022 (the "Refunded 200B Bonds"), upon optional redemption prior to stated maturities on May 15, 2015; and

WHEREAS, the above mentioned principal amounts and maturities of the 2004C Notes or such greater or lesser dollar amounts of said maturities as may be redeemable from the escrows hereinafter established based upon the SLGs interest rates or yields available on the date of subscription for such SLGs hereinafter authorized are hereinafter referred to as the "Called 2004C Notes"; and

WHEREAS, the above mentioned principal amounts and maturities of the 2005B Bonds or such greater or lesser dollar amounts of said maturities as may be redeemable from the escrows hereinafter established based upon the SLGs interest rates or yields available on the date of subscription for such SLGs hereinafter authorized are hereinafter referred to as the "Called 2005B Bonds"; and

WHEREAS, The Board of Commissioners of this County desires to enter into the 2004C Notes Escrow Agreement, to be dated as of March 1, 2007, between the County and the Escrow Agent, as escrow agent, in connection with the retirement of the Called 2004C Notes; and

WHEREAS, The Board of Commissioners of this County desires to enter into the 2005B Bonds Escrow Agreement, dated as of March 1, 2007, between the County and the Escrow Agent, as escrow agent, in connection with the retirement of the Called 2005B Bonds; and

WHEREAS, The Board of Commissioners of this County entered into an interest rate management plan (fixed to variable) pursuant to an ISDA Master Agreement and Schedule thereto, dated as of April 29, 2004, as amended (the "Agreement"), between the County and Royal Bank of Canada with respect to the 2005B Bonds (the "2005B Swap");

WHEREAS, The Board of Commissioners of the County have determined to terminate the 2005B Swap concurrently with the effectiveness of the 2005B Bonds Escrow Agreement.

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

Section 1. The Governing Body of this Local Government Unit does authorize and direct the application of the Net Deposit, together with any interest or income earned thereon from the time of deposit to the time of application to the escrow investments hereinafter authorized and directed (the "Escrow Deposit") to retirement of the Called 2004C Notes and the Called 2005B Bonds. The Budget Director of this County in cooperation with Public Financial Management, Inc. is authorized and directed to subscribe for SLGs necessary and sufficient to accomplish the purposes of this Resolution and to make such subscription at the earliest opportunity following adoption hereof.

Section 2. This County exercises its option to redeem the Called 2004C Notes on March 1, 2014, and its option to redeem the Called 2005B Bonds on May 15, 2015, in accordance with the rights and privileges retained to this County in the 2004C Notes and the 2005B Bonds.

Section 3. This County shall enter into the 2004C Notes Escrow Agreement with the Escrow Agent, with respect to the retirement of the Called 2004C Notes.

The 2004C Notes Escrow Agreement shall be substantially in the form presented to this meeting and such form, together with completion of the schedules thereto based upon the final

subscriptions for SLGs and final calculation of the Called 2004C Notes and Called 2005B Bonds based upon the interest rates or yields available upon such subscription and with any other changes thereto approved in the manner provided in Section 5, hereby is approved. A copy of the final form of the 2004C Notes Escrow Agreement shall be filed with the Chief Clerk of this County and shall be and hereby is made a part of this Resolution.

Section 4. This County shall enter into the 2005B Bonds Escrow Agreement with the Escrow Agent, with respect to the retirement of the Called 2005B Bonds.

The 2005B Bonds Escrow Agreement shall be substantially in the form presented to this meeting and such form, together with completion of the schedules thereto based upon the final subscriptions for SLGs and final calculation of the Called 2004C Notes and Called 2005B Bonds based upon the interest rates or yields available upon such subscription and with any other changes thereto approved in the manner provided in Section 5, hereby is approved. A copy of the final form of the 2005B Bonds Escrow Agreement shall be filed with the Chief Clerk of this County and shall be and hereby is made a part of this Resolution.

Section 5. The Chairman or Vice Chairman of the Board of Commissioners and Chief Clerk of this County are authorized and directed, as applicable, to execute, to attest and to deliver the 2004C Notes Escrow Agreement and the 2005B Bonds Escrow Agreement, in the forms submitted to this meeting together with any changes thereto approved by said officers executing the same, their execution thereof to constitute conclusive evidence of such approval.

Section 6. The Budget Director of this County is authorized and directed to execute and to deliver a Termination Agreement with Royal Bank of Canada and to take all necessary action to terminate the 2005B Swap concurrently with the effectiveness of the 2005B

Bonds Escrow Agreement, including the provision of all notices as more fully set forth in the Agreement and return of any unearned premium payments received in connection therewith.

Section 7. In the event any provision, section, sentence, clause, or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause, or part of this Resolution, it being the intent of this Local Government Unit that such remainder shall be and shall remain in full force and effect.


Section 8. This Resolution shall be effective immediately.

CERTIFICATE

I, the undersigned, Chief Clerk of the County of Dauphin of the Commonwealth of Pennsylvania (the "County"), hereby certifies that: the foregoing Resolution was adopted by majority vote of the entire Board of Commissioners of the County at a meeting convened and held according to law on February 21, 2007, said Resolution was adopted by an aye and nay vote; said Resolution and the vote thereon has been recorded in the minutes of said meeting; and said Resolution has not been altered, modified, amended or repealed as of the date of this Certificate.

I further certify that the Board of Commissioners of the County met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. §701, et seq. of the Commonwealth of Pennsylvania, by advertising said meeting, by posting prominently a notice of said meeting at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with such Act.

IN WITNESS WHEREOF, I affix my hand and the official seal of the County,
this *21st* day of February, 2007.



Secretary

(SEAL)