

COUNTY OF DAUPHIN,
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 6 - 2010

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF DAUPHIN, PENNSYLVANIA (THE "COUNTY") AUTHORIZING AND DIRECTING THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF FEDERALLY TAXABLE BOND ANTICIPATION NOTE, SERIES OF 2010 (THE "NOTE") IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$34,746,500 OF THE COUNTY AS PERMITTED BY AND PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 Pa.C.S. § 8001 *et seq* (THE "DEBT ACT"), FOR THE PURPOSE OF PROVIDING FUNDS TO (A) FINANCE A REIMBURSEMENT TO THE COUNTY OF A CERTAIN LEASE RENTAL DEBT OBLIGATION OF THE COUNTY PREVIOUSLY INCURRED UNDER AND PURSUANT TO THE ACT, AND (B) PAY THE COST OF ISSUING THE NOTE OR ANY OR ALL OF THE SAME; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF SUCH NOTE AND AUTHORIZING EXECUTION AND AUTHENTICATION THEREOF; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS COUNTY IN SUPPORT OF SUCH NOTE; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITORY FOR SUCH NOTE; SETTING FORTH CERTAIN COVENANTS AND REPRESENTATIONS RELATING TO THE FEDERAL INCOME TAX STATUS OF THE INTEREST TO BE PAID ON SUCH NOTE; APPOINTING BOND COUNSEL FOR THE NOTE; AUTHORIZING APPROPRIATE OFFICERS OF THE COUNTY TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH ISSUANCE OF SUCH NOTE; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, the County of Dauphin (the "County"), is a county of the third class existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), and is a Local Government Unit, as defined in the Local Government Unit Debt Act, 53 Pa.C.S. § 8001 *et. seq.*, as amended and supplemented (the "Debt Act"); and

WHEREAS, the Board of Commissioners of the County (the "Board" or "Board of Commissioners") has determined to undertake a project consisting of: (i) the financing of the reimbursement to the County of the County's lease rental debt obligation previously incurred pursuant to the provisions of the Debt Act (Approval No. LRA-4696), evidenced by the issuance of the Harrisburg Authority of its Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Recovery Facility

Limited Obligation Notes, Series D of 2007 (collectively, the "2007 Notes"), and (ii) the financing of all or a portion of the costs of issuance of the Note (as hereinafter defined) ((i) – (ii) are collectively, the "Note Project," which will be funded by the issuance of a federally taxable bond anticipation note of the County; and

WHEREAS, the County intends to finance the Note Project through the issuance of its Federally Taxable Bond Anticipation Note, Series of 2010 in the maximum aggregate principal amount of \$34,746,500 (the "Note"); and

WHEREAS, PNC Bank, National Association, Camp Hill, Pennsylvania (the "Purchaser" or the "Bank") has presented to the County a written contract as its proposal for the purchase of the Note (the "Purchase Contract"); and

WHEREAS, the County desires to approve the form of the Note, authorize and approve the execution and delivery of the Purchase Contract and related instruments by this County, and to execute and deliver such other documents as may be necessary to implement the Purchase Contract and to authorize such further action by its officers consistent with this Ordinance, the Debt Act, and all other applicable law.

NOW, THEREFORE, BE AND IT HEREBY IS ENACTED AND ORDAINED by the Board of Commissioners of the County of Dauphin:

Section 1. Incurrence of Indebtedness.

The Board of Commissioners of the County hereby authorizes and directs the incurring of non-electoral debt through the issuance of a federally taxable bond anticipation note in the maximum aggregate principal amount of \$34,746,500, designated "County of Dauphin Federally Taxable Bond Anticipation Note, Series of 2010" to provide funds to finance the Note Project.

The County properly incurred lease rental debt in connection with the issuance of the 2007 Notes by the Harrisburg Authority (the "Authority") pursuant to the Act and Ordinance No. 4-2007 of the County duly enacted on November 21, 2007 (the "2007 Notes Ordinance"), and as further evidenced by that certain Guaranty Agreement dated as of December 15, 2007 (the "Guaranty Agreement") by and among the County, the Authority and Commerce Bank, National Association, as trustee for the 2007 Notes. Pursuant to the Guaranty Agreement, the County guaranteed, unconditionally and irrevocably, the full and prompt payment of the debt service when and as such shall be due and payable. A debt service payment by the Authority is due on December 15, 2010, the maturity date of the 2007 Notes (the "2007 Notes Maturity Date"), and the County shall be obligated to undertake its obligations under the Guaranty Agreement as of such date, subject to all rights and remedies of the County under the Guaranty Agreement.

Pursuant to the 2007 Notes Ordinance, the realistic estimated useful lives of the projects financed or refinanced with the 2007 Notes (the "Prior Project") was determined to be in excess of forty (40) years. For purposes of the County's issuance of the Note, this determination is hereby ratified and confirmed. The principal amount of the Note equal to the cost of the Prior Project has been scheduled to mature prior to the unexpired useful life thereof.

The County hereby reserves the right to undertake components of the Note Project in such order and at such time or times as it shall determine and to allocate the proceeds of the Note and other available moneys to the final costs of the Note Project in such amounts and order of priority as it shall determine; but the proceeds of the Note shall be used solely to pay the "costs," as defined in the Act, of the Note Project described herein or, upon appropriate amendment hereto, to pay the costs of other capital projects for which the County is authorized to incur indebtedness.

The estimated completion date of the Note Project is the 2007 Notes Maturity Date.

Section 2. Authorization of Private Sale by Negotiation.

After considering the advantages and disadvantages of a public sale of the Note and of current market conditions, the Board of Commissioners hereby determines that a private sale by negotiation is in the best financial interests of the County.

Section 3. Acceptance of Purchase Contract.

The Purchase Contract presented by the Purchaser to the Board of Commissioners at this meeting, as its proposal to purchase the Note, is hereby accepted. As set forth in such proposal relative to the Note, the purchase price of the Note is \$34,746,500, which equals 100% of the principal amount thereof.

Section 4. Maturity and Interest Rates.

The Note shall bear interest at the maximum rates and mature on such date as set forth on Schedule A attached hereto and incorporated herein. The stated maturity of the Note as shown on Schedule A has been fixed in compliance with Section 8142(b)(2) of the Debt Act. In addition, the stated principal installment of the Note shall be made within the later of two years from the date of issue or one year following such estimated completion date in compliance with Section 8142(c) of the Debt Act.

The Note will be issued pursuant to Section 8108 of the Debt Act and shall be payable, at maturity, by exchange for or out of the proceeds of the sale of the County's anticipated series of General Obligation Bonds, Series of 2012 (the "2012 Bonds"). The maximum rate of interest of the 2012 Bonds shall be 12%. The 2012 Bonds shall be offered for sale but, if no proposals are received, and as provided by the Act, the sole remedy of the holder of the Note shall be either to accept the 2012 Bonds at the maximum rate or to extend the maturity of the Note for one or more specified additional periods of not less than six months each during which time additional offers of the 2012 Bonds may be made.

Section 5. Appointment of Paying Agent, Registrar and Sinking Fund Depository.

PNC Bank, National Association, having a corporate office in Camp Hill, Pennsylvania, is hereby appointed Paying Agent for the Note (the "Paying Agent"), Registrar for the Note (the

"Bonds Registrar") and Sinking Fund Depository (the "Sinking Fund Depository") for the Sinking Fund created in Section 12 hereof. The Proper Officers of the County are hereby authorized and directed to contract with PNC Bank, National Association for its services as the Paying Agent, Bonds Registrar, and Sinking Fund Depository, at such initial and annual charges as shall be appropriate and reasonable for such services.

The County may, by resolution, from time to time appoint a successor Paying Agent, Registrar or Sinking Fund Depository for the Note to fill a vacancy or for any other reason.

Section 6. Form of Note, Description of Note.

(a) Form of Note. The Note shall be in registered form, without coupon, and shall be numbered in such manner as may be satisfactory to the County and the Purchaser, as defined below. So long as the Note is held by the Purchaser and its participating bank or banks, if any, the Note shall not require numbering as recommended by the Committee on Uniform Security Identification Procedures ("CUSIP"). The Note shall be dated as of date of registration and authentication of such Note (the "Series Issuance Date"), and shall bear interest from the dates, which interest is payable at the maximum rates provided herein, until maturity or prior redemption, all as set forth in the substantially final form of Note attached hereto as Exhibit A.

The Note shall be issued in certificated form and may be issued either in the form of a single certificate for the entire principal amount of the Note with one maturity date and annual principal payments or in the form of multiple certificates, each with its own maturity date and principal amount with the cumulative principal amount thereof equal to the principal amount of the Note. If the Note is issued in multiple certificates then CUSIP numbers shall be assigned to the Note. If the Note is issued in the form of a single certificate, the references thereto shall be "Federally Taxable Bond Anticipation Note, Series of 2010" and "Note."

(b) Amount and Term of Note. The Note shall bear interest, until maturity or prior redemption, at the maximum rates per annum, and shall mature in the maximum amounts and on certain years, all as set forth in the maturity schedule attached hereto as Schedule A attached hereto and incorporated herein.

(c) Rate of Interest. Amounts outstanding under the Note will bear interest at a rate per annum which is at all times equal to (A) the LIBOR Rate or (B) upon the occurrence of any of the events described in the following paragraphs, at the Base Rate plus 25 basis points (.25%), but not exceeding the Maximum Rate. Interest hereunder will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the maximum rate allowed by law.

If the Bank determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining LIBOR, then the Bank shall give notice thereof to the County. Thereafter, until the Bank notifies the County that the circumstances giving rise to such suspension no longer exist, (a) the availability of the LIBOR Rate Mode shall be

suspended, and (b) the interest rate for all amounts then bearing interest under the LIBOR Rate Mode shall be converted at the expiration of the then current LIBOR Interest Period(s) (or sooner, if determined by the Bank) to the Base Rate Mode.

In addition, if, after the date of the Note, the Bank shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans based on LIBOR, the Bank shall notify the Borrower. Upon receipt of such notice, until the Bank notifies the Borrower that the circumstances giving rise to such determination no longer apply, (a) the availability of the LIBOR Rate Mode shall be suspended, and (b) the interest rate on all amounts then bearing interest under the LIBOR Rate Mode shall be converted to the Base Rate Mode on either (i) on the last day of the then current LIBOR Interest Period(s) if the Bank may lawfully continue to maintain or fund loans based on LIBOR to such day, or (ii) immediately if the Bank may not lawfully continue to maintain or fund loans based on LIBOR.

If any payment under the Note shall become due on a Saturday, Sunday or public holiday under the laws of the Commonwealth, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest in connection with such payment.

For purposes hereof, the following terms shall have the following meanings:

“Base Rate” shall mean the highest of (A) the Prime Rate, and (B) the sum of the Federal Funds Open Rate plus fifty (50) basis points (0.50%), and (C) the sum of the Daily LIBOR Rate plus one hundred (100) basis points (1.0%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful. If and when the Base Rate (or any component thereof) changes, the rate of interest with respect to any amounts hereunder to which the Base Rate applies will change automatically without notice to the County, effective on the date of any such change;

“Base Rate Mode” means period(s) of time during which the Note bears interest at a rate equal to the Base Rate plus 25 basis points (.25%);

“Business Day” shall mean (a) any day which is neither a Saturday or Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in New York City; and (b) when such term is used to describe a day on which an interest rate determination is to be made in respect of LIBOR, any day which is a day on which dealings in U.S. Dollar deposits are transacted on the London (England) interbank market.

“Daily LIBOR Rate” shall mean, for any day, the rate per annum determined by the Bank by dividing (A) the Published Rate by (B) a number equal to 1.00 minus the percentage prescribed by the Federal Reserve for determining the maximum reserve requirements with respect to any eurocurrency fundings by banks on such day. The rate of interest will be adjusted automatically as of each Business Day based on changes in the Daily LIBOR Rate without notice to the County.

“Default Rate” shall mean, as of any date of calculation, the then otherwise currently applicable interest rate under the provisions of the Note plus 300 basis points (3.0%), but not exceeding the Maximum Rate or an interest rate higher than that permitted under applicable law.

“Federal Funds Open Rate” shall mean, for any day, the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption “OPEN” (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Bank (an “Alternate Source”) (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the “open” rate on the immediately preceding Business Day. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Federal Funds Open Rate without notice to the County.

“Interest Payment Date” shall mean each June 1 and December 1 of each year.

“LIBOR” shall mean, with respect to the Note while in the LIBOR Rate Mode, for the applicable LIBOR Interest Period, the interest rate per annum determined by the Bank, by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of one percent (1%) per annum) (i) the rate of interest determined by the Bank in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the eurodollar rate two (2) Business Days prior to the first day of such LIBOR Interest Period for an amount comparable to such advance and having a borrowing date and a maturity comparable to such LIBOR Interest Period by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage.

LIBOR shall be adjusted with respect to the Note during each LIBOR Rate Period on the effective date of any change in the LIBOR Reserve Percentage as of such effective date.

“LIBOR Interest Period” shall mean the initial period of one (1) month commencing on the date of issuance of the Note and each successive one (1) month period thereafter during the LIBOR Rate Mode; provided that, (i) if a LIBOR Interest Period would end on a day which is not a Business Day, it shall end on the next succeeding Business Day unless such day falls in the next succeeding calendar month in which case the LIBOR Interest Period shall end on the next preceding Business Day and (ii) no LIBOR Interest Period shall end on a day after the Maturity Date (as hereinafter defined) or a day after conversion from a LIBOR Rate Mode.

“LIBOR Rate” shall mean, with respect to each LIBOR Interest Period during the LIBOR Rate Mode, a daily fluctuating per annum rate of interest determined by application of the following formula: LIBOR for such LIBOR Interest Period plus 125 basis points (1.25%), but not exceeding the Maximum Rate.

“LIBOR Rate Mode” shall mean means period(s) of time during which the Note bears

interest at the LIBOR Rate;

“LIBOR Reserve Percentage” shall mean the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities”).

“Maturity Date” shall mean December 1, 2012, or any subsequent date to which the Maturity Date may be extended by the Purchaser pursuant to Section 8108(a) of the Debt Act.

“Maximum Rate” shall mean 12% per annum.

“Prime Rate” shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

“Published Rate” shall mean the rate of interest published each Business Day in the Wall Street Journal “Money Rates” listing under the caption “London Interbank Offered Rates” for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for a one month period as published in another publication selected by the Bank).

(d) Payment of Interest. The County shall pay accrued interest on the unpaid principal balance of the Note: (i) on each Interest Payment Date; (ii) at maturity, whether on the Maturity Date or by acceleration of this Note or otherwise; and (iii) after maturity, on demand, until paid in full.

(e) Payment of Principal. All outstanding principal of the Note, together with any accrued by unpaid interest thereon, shall be due and payable in full on the Maturity Date, without requirement of further notice or demand by the Bank.

(f) Default Rate. Upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under the Note shall bear interest at the Default Rate. The Default Rate shall continue to apply whether or not judgment shall be entered on the Note. The Default Rate is imposed as liquidated damages for the purpose of defraying the Purchaser’s expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Purchaser’s exercise of any rights and remedies hereunder, under the Note or under applicable law, and any fees and expenses of any agents or attorneys which the Purchaser may employ. In addition, the Default Rate reflects the increased credit risk to the Purchaser of carrying a loan that is in default. The County agrees that the Default Rate is a reasonable forecast of just compensation for anticipated and actual harm incurred by the Purchaser, and that the actual harm incurred by the Purchaser cannot be estimated with certainty and without difficulty.

(g) Downgrade Pricing. The rate of interest described in Section 6(c) or 6(f) (the "Rate of Interest") is subject to the maintenance by the County of a credit rating of at least "A" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). The Rate of Interest will be increased by: (i) 25 basis points (.25%) for each rating downgrade below "A," or (ii) 300 basis points (3.00%), should the S&P rating fall below BBB+ or be withdrawn or suspended for any reason, but not exceeding the Maximum Rate.

(h) Prepayment. The County shall have the right at its option to prepay the Note, as a whole at any time or in part from time to time, without premium or penalty, upon not less than two (2) Business Days notice to the Bank, subject, however, to any break funding indemnification payments referred to in subparagraph (i), below, provided that any prepayment in part shall be applied against the principal installments in the inverse order of their maturities.

(i) Yield Protection; Break Funding Indemnification The County shall pay to the Bank on written demand therefor, together with the written evidence of the justification therefor, all direct costs incurred, losses suffered or payments made by Bank by reason of any change in law or regulation or its interpretation imposing any reserve, deposit, allocation of capital, or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Bank, its holding company or any of their respective assets. In addition, the County agrees to indemnify the Bank against any liabilities, losses or expenses (including, without limitation, loss of margin, any loss or expense sustained or incurred in liquidating or employing deposits from third parties, and any loss or expense incurred in connection with funds acquired to effect, fund or maintain any amounts hereunder (or any part thereof) bearing interest under the LIBOR Rate Mode) which the Bank sustains or incurs as a consequence of either (i) the County's failure to make a payment under the Note on the due date thereof, (ii) the County's revocation (expressly, by later inconsistent notices or otherwise) in whole or in part of any notice given to Bank to request, convert, renew or prepay any amounts under the Note bearing interest at the LIBOR Rate, or (iii) the County's prepayment prior to the Maturity Date (whether voluntary, after acceleration of the maturity of the Note or otherwise) or conversion of any amounts bearing interest at the LIBOR Rate on a day other than the last day of a LIBOR Interest Period. A notice as to any amounts payable pursuant to this paragraph given to the County by the Bank shall, in the absence of manifest error, be conclusive and shall be payable upon demand. The County's indemnification obligations hereunder shall survive the payment in full of all amounts payable under the Note.

Section 7. Note Registrar, Registrations and Transfer.

The County shall cause to be kept of the aforementioned office of the Purchaser, as paying agent, a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the County shall provide for the registration of the Note and the registration of transfers and exchanges of the Note. No transfer or exchange of the Note shall be valid unless made at such office and registered in the Note Register. So long as the Note is evidenced by a single certificate, the Note Register shall be attached to the certificate as part of the Note.

In the event the Note has been issued in multiple certificates, and the Note shall be exchangeable for another Note or other Notes, in any authorized denomination, in an aggregate

principal amount equal to the principal amount of the Note presented for exchange. Upon surrender of any Note for exchange at the aforementioned office of the paying agent, the County shall execute and the paying agent shall authenticate and deliver in exchange therefor the Note or Notes which the owner making the exchange shall be entitled to receive. Upon surrender of a Note at the aforementioned office of the paying agent for registration of transfer, the County shall execute and the paying agent shall authenticate and deliver in the name of the transferee or transferees, a new Note or Notes of any authorized denomination in the same aggregate principal amount as the Note so surrendered.

Any Note issued upon any registration of transfer or exchange shall be valid obligations of the County, evidencing the same debt and entitled to the same benefits under this Ordinance as the Note surrendered for such registration of transfer or exchange.

Each Note presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer, in form and with guaranty of signature satisfactory to the County and the Note Register, duly executed by the registered owner thereof or his duly authorized agent or legal representative.

No service charge shall be made for any transfer or exchange of any Note, but the County may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Note.

The County shall not be required to: (a) issue, or register the transfer or exchange of, any Note during a period of fifteen (15) business days before any payment of principal or interest under any Note or any date of selection for prepayment of any Note, if applicable; or (b) register the transfer or exchange of any Note after it has been selected for prepayment, in whole or in part.

Section 8. Execution and Authentication.

The Note shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Governing Body and shall have the corporate seal of the County or a facsimile thereof impressed thereon, duly attested by the manual or facsimile signature of the Chief Clerk of the Governing Body and such officers are hereby authorized and directed to execute the Note in such manner. In case any official of the County whose manual or facsimile signature shall appear on the Note shall cease to be such official before the authentication of the Note such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such official had remained in office until authentication; and any Note may be signed on behalf of the County, even though at the date of authentication of such Note such person was not an official. The Chairman or Vice Chairman of the County is authorized and directed to deliver, or cause to be delivered, the Note to the purchaser thereof against the full balance of the purchase price therefor.

The County hereby creates with the Bank by proper action a settlement account (the "Settlement Account") in the name of the County. On the date of issuance and delivery of the Note, a portion of the proceeds of the Note shall be deposited in the Settlement Account and

shall be disbursed, transferred or deposited as directed in a closing receipt duly executed and delivered by an authorized officer of the County.

Section 9. General Obligation Covenant.

The Note is hereby declared to be a general obligation of the County. The County hereby covenants with the registered owners from time to time of the Note outstanding pursuant to this Ordinance that it will include the amount of the debt service as specified in this Section, on the Note for each fiscal year in which such sums are payable, in its budget for that year, will appropriate such amounts for such payments and will duly and punctually pay or cause to be paid the principal of and the interest on the Note on the dates, at the places and in the manner stated therein, according to the true intent and meaning thereof, and for such budgeting appropriation and payment, the County does hereby pledge its full faith, credit and taxing power. The maximum amount of the debt service which the County hereby covenants to pay on the Note in each year is shown on Schedule B which is attached hereto and incorporated herein by reference as if set out here at length.

As provided in the Debt Act, the foregoing covenants are specifically enforceable.

Section 10. Sinking Fund.

(a) Note Deposit. There hereby is established with the Sinking Fund Depository a sinking fund to be known as follows: the County of Dauphin, Taxable Bond Anticipation Note, Series of 2010 Sinking Fund (the "Sinking Fund"). The County covenants to deposit, and the Treasurer is hereby authorized and directed to deposit, into the Sinking Fund (i) on or before each interest payment date, so long as the Note remains outstanding, amounts sufficient to pay the interest due on such dates on the Note then outstanding, and (ii) on or before the maturity date of the Note, so long as the Note remains outstanding, amounts sufficient to pay the principal of the Note due on such date at maturity. Should the amounts covenanted to be paid into the Sinking Fund be, at any time, in excess of the net amounts required at such time for the payment of interest and principal of the Note, whether by reason of funds already on deposit in the Sinking Fund or by reason of the purchase of or redemption of such Note, or for some similar reason, the amounts covenanted to be paid may be reduced to the extent of the excess.

(b) Application of Funds. All sums in the Sinking Fund shall be applied exclusively to the payment of principal and interest covenanted to be paid by Section 10 hereof as the same from time to time become due and payable and the balance of said money over and above the sum so required shall remain in the Sinking Fund, to be applied to the reduction of future required deposits; subject, however, to investment or deposit at interest as authorized by law and as permitted by Section 18 hereof. The Sinking Fund shall be kept as a separate account at the designated corporate trust office of the Sinking Fund Depository. The Sinking Fund Depository, without further authorization other than as herein contained, shall pay from the money in the Sinking Fund the interest on the Note, as and when due the same shall become due, and principal of the Note, as and when the same shall become due, to the registered owners thereof.

Section 11. Disposition of Proceeds.

All money derived from the sale of the Note shall be deposited in the Settlement Account created pursuant to Section 16 hereof and shall be and hereby is appropriated substantially to payment of the costs of the County as set forth in this Ordinance, including but not limited to payment of the costs and expenses of preparing and issuing the Note, and the payment of interest on the Note from the Series Issuance Date, and shall not be used for any other purposes, except as to any insubstantial amounts of money which may remain after fulfilling the purposes set forth herein, which minor amounts of remaining money shall promptly upon their determination be deposited in the Sinking Fund and used for the payment of interest of the Note. Promptly on the deposit of the proceeds of the Note to the Settlement Account and the payment of the costs of issuance of the Note as set forth in the closing receipt to be executed by the County and the Purchaser at the time of closing on the sale of the Note to the Purchaser (the "Closing Receipt"), the County shall cause the transfer of the balance of the sales proceeds of the Note as directed in the Closing Receipt.

Section 12. Reimbursement of Costs.

Unless prohibited by applicable law, the County agrees to pay or cause to be paid and to save the Bank harmless against liability for the payment of all out-of-pocket expenses including, but not limited to, reasonable fees and expenses of counsel and paralegals for the Bank incurred by the Bank from time to time (i) arising in connection with the preparation, enactment, execution, delivery and performance of this Ordinance, the Note and the Purchase Contract (the "Note Documents"), (ii) relating to any requested amendments, waivers or consents to any of the Note Documents, (iii) arising in connection with the Bank's enforcement or preservation of rights under the Debt Act, the Note or any of the other Note Documents or (iv) arising in connection with any bankruptcy, reorganization, distressed municipality, receivership, trusteeship or similar proceeding affecting the County. The obligation of the County under this paragraph shall survive the payment of the Note, and sums payable by the County to the Bank hereunder shall bear interest at the Default Rate.

Section 13. Advertising.

The action of Proper Officers of the County in advertising, or causing to be advertised, a summary of this Ordinance, prior to enactment, as required by law, is ratified and confirmed. Proper Officers of the County, or any of them, are authorized and directed to advertise, or cause to be advertised, a notice of enactment of this Ordinance in a newspaper of general circulation in the County within 15 days after final enactment. The Chief Clerk is hereby directed to make a copy of this Ordinance available for inspection by any citizen during normal office hours.

Section 14. Filing with Department of Community and Economic Development.

Proper Officers of the County hereby are authorized and directed to prepare, verify, and file with the Department of Community and Economic Development, in accordance with the Debt Act, a transcript of the proceedings relating to the issuance of the Note including the Debt Statement and Borrowing Base Certificate required by Section 8110 of the Debt Act, and to take

other necessary action, and to prepare and file all necessary documents with the Department of Community and Economic Development including, if necessary or desirable, any statements required to exclude any portion of the debt evidenced by the Note from the appropriate debt limit as self-liquidating or subsidized debt.

Section 15. General Authorization.

Proper Officers of the County and other officers and officials of the County are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution, issuance, sale and delivery of the Note, all in accordance with this Ordinance.

Section 16. Settlement Account.

The County hereby creates with the Paying Agent a special fund to be known as the "County of Dauphin Settlement Account" (the "Settlement Account"). The Settlement Account shall be held as trust funds for the benefit of the County until disbursed in accordance with the provisions hereof. The County shall deliver the net proceeds (including accrued interest, if any) derived from the sale of the Note to the Paying Agent for deposit to the Settlement Account. The Paying Agent shall disburse, transfer or deposit such proceeds as directed in the Closing Receipt.

Section 17. Payment of Expenses.

All expenses incurred in connection with issuance of the Note shall be paid out of the proceeds derived from the issuance of the Note and deposited in the Settlement Account, and Proper Officers of the County and other officials are authorized to sign and deliver requests for payment of such expenses.

Section 18. Investment.

Any money in the Sinking Fund not required for prompt expenditure may, at the direction of the County, be invested in bonds or obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America or may be deposited at interest in time accounts or certificates of deposit or other interest bearing accounts of any bank or bank and trust company, savings and loan association or building and loan association. To the extent that such deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds in accordance with the Debt Act. Any such investments or deposits shall mature or be subject to redemption at the option of the holder, or be subject to withdrawal at the option of the depositor, not later than the date upon which such money are required to be paid to the registered owners of the Note.

Section 19. Authorization of Officers.

Any authorization granted to, power conferred on, or direction given to Proper Officers of the County, including the Chairman, Chief Clerk or Treasurer, shall be deemed to run to the Vice Chairman, Assistant Chief Clerk or Deputy Treasurer, respectively, as if such latter titles had been expressly included in the text hereof which grants such authorization, confers such power or gives such direction.

Section 20. Form of Note.

The form of the Note shall be substantially as set forth on Exhibit B attached hereto and, by this reference, incorporated herein as though set forth in full, with such completions and changes as Proper Officers of the County, upon the advice of Bond Counsel and the Purchaser shall hereafter approve.

Section 21. Appointment of Bond Counsel.

The County hereby appoints McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania, as Bond Counsel for the Note and consents to the representation of the Purchaser by McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania.

Section 22. Remedies of Note Holder.

Upon failure or refusal by the County, in any fiscal year, to budget debt service on Note, or to appropriate or pay the moneys necessary in that fiscal year for payment of the principal and interest due on the Note, or upon failure by the County to make any payment of principal of, or accrued interest on, the Note when due (whether at the stated maturity date or upon an unrevoked call for prior redemption or prepayment) and such failure of payment continues for 30 days (each, an "Event of Default"), the holders of the Note (i) may, upon notice to the County, accelerate and call all outstanding principal of, and accrued interest on, this Note, whereupon the same shall immediately become due and (ii) shall have such other rights and remedies as may be provided by law, including as set forth in Sections 8261 – 8266 of the Debt Act (the "Default Remedies").

Section 23. Severability.

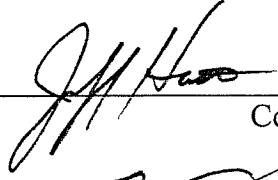
In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this County that such remainder shall be and shall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

Section 24. Repealer.

Any ordinances or parts thereof not in accordance with this Ordinance are hereby repealed insofar as they conflict with this Ordinance.

ADOPTED, by the Governing Body of this Local Government Unit, in lawful session duly assembled, this 3rd day of November, 2010.

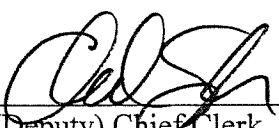
COUNTY OF DAUPHIN, PENNSYLVANIA

By: 
County Commissioner

By: 
County Commissioner

By: 
County Commissioner

ATTEST:


(Deputy) Chief Clerk

(SEAL)