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ORDINANCE
OF THE
COUNTY OF DAUPHIN
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 2-2019
Enacted: February 6, 2019

AN ORDINANCE ENACTING AN INTEREST RATE MANAGEMENT PLAN WITH RESPECT TO THE OUTSTANDING LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY GUARANTEED AUTHORITY BONDS (DAUPHIN COUNTY GUARANTY), SERIES B OF 2013 AND AWARDING, BY PRIVATE NEGOTIATED SALE, A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT (THE "AGREEMENT") WITH RESPECT TO THE SAME; COVENANTING TO BUDGET AND APPROPRIATE THE PERIODIC SCHEDULED AMOUNTS DUE THEREUNDER AND PLEDGING THE COUNTY'S FULL FAITH, CREDIT AND TAXING POWER TO THE PAYMENT OF SUCH PERIODIC PAYMENTS; LIMITING THE TOTAL AND ANNUAL NOTIONAL AMOUNTS AND DATES AND MAXIMUM ANNUAL INTEREST RATES IN THE AGREEMENT AND COVENANTING TO BUDGET FOR TERMINATION PAYMENTS; AUTHORIZING APPROPRIATE OFFICERS TO TAKE OTHER APPROPRIATE ACTIONS IN CONNECTION WITH THE AWARD AND EXECUTION OF THE AGREEMENT; TAKING ACTIONS TO COMPLY WITH THE REQUIREMENTS OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2010 ("DODD-FRANK") AND THE REGULATIONS PROMULGATED BY THE COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") THEREUNDER, INCLUDING WITHOUT LIMITATION TO APPOINT A DESIGNATED QUALIFIED INDEPENDENT REPRESENTATIVE PURSUANT TO THE TERMS OF THE CFTC BUSINESS CONDUCT STANDARDS FOR SWAP DEALERS AND MAJOR SWAP PARTICIPANTS WITH COUNTERPARTIES (THE "CFTC BUSINESS CONDUCT STANDARDS") AND ALL OTHER ACTIONS NECESSARY TO COMPLY WITH THE REQUIREMENTS OF DODD-FRANK AND THE CFTC BUSINESS CONDUCT STANDARDS, INCLUDING THE EXECUTION OF ALL NECESSARY DOCUMENTATION; AND REPEALING ALL ORDINANCES INCONSISTENT HEREWITH.

WHEREAS, the County of Dauphin, Pennsylvania (the "County") has heretofore executed a certain cooperation agreement dated October 23, 2013, as amended on October 23, 2013 (the "Cooperation Agreement"), with the Lancaster County Solid Waste Management Authority ("LCSWMA"), in connection with the issuance by LCSWMA of its Guaranteed Authority Bonds (Dauphin County Guaranty), Series B of 2013 (the "Bonds"); and

WHEREAS, pursuant to the Cooperation Agreement, LCSWMA is responsible for payment on interest on the Bonds in the amount of \$240,000 per annum, and the County is responsible for the balance of the interest payable on the Bonds (the "County Obligation"); and

WHEREAS, the Board of Commissioners (the "Governing Body") of the County has appointed Susquehanna Group Advisors, Inc. (the "Financial Advisor") as its independent financial advisor within the meaning of the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. §8001 *et seq.* (the "Act"), to prepare an interest rate management plan, as contemplated by the Act, with respect to the County Obligation for the Bonds (the "Swapped Bonds"); and

WHEREAS, the County has heretofore enacted Ordinance No. 2-2014 (the "Prior Ordinance"), approving, *inter alia*, an interest rate management plan with respect to the Swapped Bonds (the "Prior Plan"); and

WHEREAS, the County has heretofore determined not to proceed with the transactions contemplated in the Prior Ordinance, and desires to repeal the Prior Ordinance and rescind the Prior Plan; and

WHEREAS, the Financial Advisor has prepared a new interest rate management plan (the "Plan"), in the form attached hereto as *Exhibit A*, with respect to the Swapped Bonds; and

WHEREAS, the County will enter into an International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement and Schedule (together with all related schedules, supplements, exhibits and addenda, the "Swap Agreement") with Royal Bank of Canada ("RBC" or the "Swap Counterparty"), which contemplates the execution of various confirmations to evidence specific qualified interest rate management agreements between the County and the Swap Counterparty; and

WHEREAS, the Swap Counterparty has presented to the Governing Body a qualified interest rate management agreement as to the Swapped Bonds, to be evidenced by a transaction set forth in a confirmation under the Swap Agreement (the "2019 Confirmation," as subject to the terms of, and governed by, the Swap Agreement, the "Swap") with respect to the Swapped Bonds, with a trade date to be determined by the Proper Officers of the County (as defined herein) and the Swap Counterparty; and

WHEREAS, as contemplated by the Act, the maximum net payments by fiscal year for periodic scheduled payments by the County, not including any termination payments, on the Swap, plus interest on the Swapped Bonds, could exceed in the aggregate the maximum payment amounts approved for various fiscal years in the proceedings of the County filed with and approved by the Department of Community and Economic Development (the "Department") for the Swapped Bonds (Approval No. LRA-13111801, dated November 18, 2013); and

WHEREAS, the Governing Body desires to amend the interest rate specified in Ordinance No. 6-2013 as to the Swapped Bonds duly enacted in accordance with the Act on October 23, 2013 (the “Enabling Ordinance”) on or before the date of enactment of this Ordinance; as well as the provisions of the related documents, to include a maximum net interest rate of 25% per annum, for calculating net payments by the County under the Swap, in addition to the fixed rates specified for the maturities of the Swapped 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 Swap, in the judgment of the County is designed, as set forth in the Plan, to manage interest rate risk or interest cost of the County with respect to the Swapped Bonds; and

WHEREAS, the County desires to take certain actions in order to comply with Dodd-Frank and the CFTC Business Conduct Standards, including the appointment of a designated qualified independent representative (as defined in the CFTC Business Conduct Standards, a “QIR”); and

WHEREAS, the County desires to authorize the execution, and ratify the prior execution, of all documents, regulatory filings and agreements required to comply with Dodd-Frank and the regulations promulgated thereunder, including without limitation the ISDA Protocols (as defined herein).

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

Section 1. Financial Advisor; Designated Qualified Independent Representative; Interest Rate Management Plan. The appointment of the Financial Advisor is hereby ratified and confirmed. The Financial Advisor has represented to the Governing Body that it is an “independent financial advisor” within the meaning of and in accordance with the Act, in that the Financial Advisor is not the Swap Counterparty or an affiliate or agent thereof. The Plan, in the form attached hereto as *Exhibit A* as prepared by the Financial Advisor and presented to the Governing Body as of the date of consideration of this Ordinance by the Governing Body, together with such modifications from time to time as the Chairman, Vice Chairman or any other member of the Board of Commissioners, and the Chief Clerk or the solicitor to the County (the “Solicitor”), being proper officers of the County (the “Proper Officers”) and the Financial Advisor shall approve, is hereby approved and adopted as an “interest rate management plan,” within the meaning of the Act, of the County in connection with the Swap. The Prior Plan is hereby rescinded in its entirety.

The County finds that under the terms of the Plan the County can select, and monitor the performance of, a QIR meeting the applicable requirements of the CFTC Business Conduct Standards. The County hereby ratifies and confirms the Financial Advisor as its QIR.

As set forth in the Plan and as restated herein, the “applicable requirements of the CFTC Business Conduct Standards” are as follows: the QIR (i) has sufficient knowledge to evaluate the transaction and risks; (ii) is not subject to a statutory disqualification; (iii) is independent of the swap dealer; (iv) undertakes a duty to act in the best interests of the County;

(v) makes appropriate and timely disclosures to the County; (vi) evaluates, consistent with any guidelines provided by the County, fair pricing and the appropriateness of the swap; and (vii) is subject to restrictions on certain political contributions imposed by the CFTC, the Securities Exchange Commission (“SEC”) or a self-regulatory organization subject to jurisdiction of the CFTC or the SEC.

The Plan and other materials provided to the Governing Body by the Financial Advisor have fully identified and disclosed the risks inherent in the contemplated transactions, and the Governing Body recognizes that implementation of such transactions may result in exposure of the County to risks such as, but not limited to, basis, counterparty credit, tax, termination, interest rate and other risks.

Pursuant to the Plan, the County intends to enter into the Swap on such date as shall be determined by the Governing Body and the Swap Counterparty, to be effective on such date as shall be determined by the Governing Body and the Swap Counterparty.

Section 2. Qualified Interest Rate Management Agreement. The 2019 Confirmation, which shall be substantially in the form attached hereto as *Exhibit B*, and containing such other terms presented to the Governing Body by or on behalf of the Swap Counterparty as of the date of consideration of this Ordinance, in consultation with and upon the advice of the Financial Advisor, together with such modifications from time to time as the Chairman or Vice Chairman of the Governing Body and the Financial Advisor shall approve, are hereby approved. Further, the Governing Body hereby authorizes and approves the execution and delivery of the Swap Agreement, substantially in the form as attached hereto as *Exhibit B*, subject to any changes or revisions as may be deemed acceptable by the Proper Officers, and its provisions as they relate to and govern the 2019 Confirmation. Pursuant to and in accordance with the terms and provisions thereof, the County approves the award of the Swap to the Swap Counterparty on private sale by negotiation, which the Governing Body hereby confirms to have been determined to be in the best financial interest of this County. The Director of Budget and Finance, with the advice of the Financial Advisor, the Solicitor, and McNees Wallace & Nurick LLC, as swap counsel to the County (the “Swap Counsel”), is hereby authorized and directed to approve final terms and conditions under the Swap, as may be required, provided, however, that the Swap Counterparty’s payment to the County will be at least equal to 60% of the 10-year ISDA Swap Rate; and, the Proper Officers, or any one of such Proper Officers alone, are hereby authorized and directed to execute, to attest, to seal and to deliver the 2019 Confirmation and all other documents related to the Swap to the Swap Counterparty, as may be required, and to take any and all related, necessary or appropriate action.

Section 3. Method of Award. In compliance with Sections 8281(b)(3) and 8281(e) of the Act, the Governing Body, in consultation with the Financial Advisor, has determined that a private sale by negotiation, rather than a public sale or private sale by invitation, is in the best financial interest of the County. Therefore, the Swap shall be awarded to the Swap Counterparty subject to the requirements of this Ordinance; provided that the proceedings have been filed with the Department of Community and Economic Development in accordance with this Ordinance, the award of the Swap at a private sale by negotiation in accordance with the other terms and conditions set forth in this Ordinance, is hereby deemed to be in the best financial interest

of the County and is hereby approved. The ratings of the Swap Counterparty meet the requirements of Section 8281(e)(2) of the Act.

Section 4. Award of Swaps/Market Pricing Letter. As part of completing the closing on the Swap (the “Closing”), the County will receive a written final market pricing letter from the Financial Advisor, in form and substance satisfactory to the Director of Budget and Finance, dated as of the Closing, that the terms and conditions of the Swap executed and delivered by the parties are fair and reasonable to the County as of the trade date and the date of execution and delivery. Based on the recommendations received to date from the Financial Advisor, other information provided to the Governing Body, and the market pricing letter to be received from the Financial Advisor, the Governing Body determines that the structure and terms of the Swap are in the County's best financial interest.

Section 5. Covenants Respecting Swap Payments and Limitations Thereon. The County hereby covenants to make the payments required under the Swap and further covenants that the County shall include the periodic scheduled amounts payable in respect of the Swap in its budget for each fiscal year in which such amounts are payable, shall appropriate such amounts from its general revenues for the payment of amounts due under the Swap, and hereby pledges its full faith, credit and taxing power to the payment of such periodic scheduled payments due under the Swap.

The County further covenants that it shall (i) include any amounts for termination payments or similar payments (the “Termination Payments”) due under the Swap in its current budget at any time during a fiscal year or in a budget adopted in a future fiscal year, as the Swap shall provide, (ii) appropriate such amounts from its general revenues for the payment of such Termination Payments, and (iii) duly and punctually pay or cause to be paid from any other of its revenues or funds the Termination Payments at the dates and places and in the manner stated in the Swap. The periodic scheduled payments due from the County under the Swap shall be equally and ratably payable and secured with the debt service due on the Swapped Bonds.

The total and annual notional amounts and dates on the Swap do not and shall not exceed or extend beyond the maturity amounts and dates applicable to the Swapped Bonds. The County's obligations to make periodic scheduled payments related to the Swap and debt service due on the Swapped Bonds shall be senior in right and priority of payment to Termination Payments. The maximum annual interest rate which the County may pay, and the provisions addressing the actions to be taken if the credit rating of the Swap Counterparty changes, are set forth in the Swap and the Plan and are hereby approved.

The Swap may be terminated, as provided by and pursuant to the terms thereof, at the option of the County without cause, but may not be terminated by the Swap Counterparty without cause, as described in the Swap. The County acknowledges and agrees that upon a termination of the Swap by either party, the County may owe a Termination Payment to the Swap Counterparty.

Pursuant to Section 8129 of the Act, in the event of a Termination Payment owed by the County such Termination Payment shall constitute “unfunded debt.”

Section 6. Amendment of Enabling Ordinance. The maximum payment obligation in the Enabling Ordinance is hereby amended to insert a maximum net interest rate of 25% per annum for calculating net payments by the County under the Swap, in addition to the fixed rates specified for the maturities of the Swapped Bonds. Schedules referenced on *Exhibit C* illustrate the maximum payments on the Swapped Bonds and the 2019 Confirmation, based on the maximum net interest rate specified herein, which supersede the schedule attached to or filed with the Enabling Ordinance, as the same may have been previously amended.

Section 7. DCED Proceedings, Execution of Documents. The Proper Officers of the County, or any one of such Proper Officers alone, are authorized and directed to: (i) prepare, verify and file a copy of this Ordinance and related proceedings with the Department of Community and Economic Development within 15 days following the enactment of this Ordinance; and (ii) take all action, execute, deliver, file and/or record all documents, and publish all notices deemed necessary or appropriate to complete the Closing on the Swap and the swap transaction.

Section 8. Authorizing Actions Required to Comply with Dodd-Frank and Incidental Action. The Proper Officers of the County are hereby authorized, empowered and directed on behalf of the County to execute any and all papers and documents as shall be incidental to or necessary or appropriate in connection with the transactions authorized by this Ordinance, and documents necessary to do or cause to be done any and all acts and things necessary or proper for the execution or carrying out of the purposes of this Ordinance; including, but not limited to, executing any and all agreements required in order to comply with the provisions of Dodd-Frank and the regulations promulgated by the CFTC thereunder, including without limitation the CFTC Business Conduct Standards, including by the execution of, and adherence to, the ISDA August 2012 DF Protocol (including without limitation, the ISDA August 2012 DF Protocol Agreement, the ISDA August 2012 DF Supplement, the ISDA August 2012 DF Protocol Questionnaire and the related Adherence Letter (the "ISDA August 2012 DF Protocol")); the ISDA March 2013 DF Protocol (including without limitation, the ISDA March 2013 DF Protocol Agreement, the ISDA March 2013 DF Supplement, the ISDA March DF Protocol Questionnaire and the related Adherence Letter (the "ISDA March 2013 DF Protocol" and, together with the ISDA August 2012 DF Protocol, the "ISDA Protocols")); and such other documents as may be required to comply with Dodd-Frank and the regulations promulgated by the CFTC thereunder and addressed in the ISDA Protocols, and making all filings and taking all actions necessary thereunder. All actions to date taken in connection with the Swap are hereby ratified, approved and confirmed.

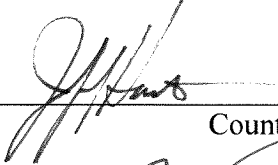
Section 9. Dodd-Frank CFTC Business Conduct Standards Safe Harbor Requirements. The County hereby acknowledges that RBC will only transact within the safe harbors provided by the CFTC Business Conduct Standards. The County acknowledges that, among other requirements, the CFTC safe harbors require that the County represent that it will not rely on any recommendations provided by a swap dealer with respect to a swap but will instead rely on advice from its QIR in respect of any swap and that the County has complied in good faith with written policies and procedures reasonably designed to ensure it has selected a QIR that satisfies the applicable requirements and that such policies and procedures provide for ongoing monitoring of the performance of the QIR consistent with the requirements.

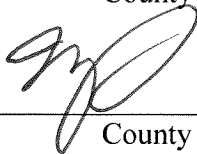
Section 10. Rescinding Inconsistent Ordinances and Resolutions. All prior Ordinances or parts thereof, including, but not limited to, the Prior Ordinance, inconsistent herewith are hereby rescinded, canceled and annulled.

Section 11. Effective Date; Governing Law and Amendments. This Ordinance is enacted pursuant to the provisions of the Act and all of the mandatory provisions thereof shall apply to this Ordinance whether or not explicitly stated herein. This Ordinance shall be effective in accordance with the Act. This Ordinance may at any time be amended in accordance with law. The laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Ordinance.

DULY ENACTED, by the Board of Commissioners, in lawful session duly assembled,
this 6th day of February, 2019.


COUNTY OF DAUPHIN, PENNSYLVANIA

By:  _____
County Commissioner

By:  _____
County Commissioner

By:  _____
County Commissioner

ATTEST:



Chief Clerk

(SEAL)