ORDINANCE NO. 119
OF THE BOARD OF COMMISSIONERS
OF THE COUNTY OF BUCKS,
Pennsylvania


WITNESSETH:

WHEREAS, the Bucks County Community College (the "Participant") was founded in 1964 to provide a two-year collegiate institution to serve the citizens of the County; and
WHEREAS, the Participant operates under a sponsorship agreement with the County which expires on October 26, 2019; and

WHEREAS, the Participant wishes to undertake certain capital projects consisting of (i) land acquisition, (ii) site development and building construction of Bucks County Community College Lower County Campus, (iii) the payment of interest costs during construction, and (iv) the payment of the costs of issuance of the Participant Notes (collectively, the “Lower County Project”); and

WHEREAS, the Lower County Project shall be for the benefit and use of the general public, and no private party shall have any special legal entitlement to the beneficial use of the Lower County Project, through a lease, management contract, or any other arrangement; and

WHEREAS, the Board of Trustees of the Participant has determined that the negotiated sale of the Participant Notes to the Delaware Valley Regional Finance Authority (the “DVRFA”) to fund the Lower County Project is in the best financial interest of the Participant; and

WHEREAS, the DVRFA’s Purchase Proposal requires the execution and delivery of a Guaranty Agreement (the “2004 Guaranty”) among the County, the Participant, and the DVRFA as a condition to the purchase of the Participant Notes; and

WHEREAS, the County has determined that the Lower County Project will benefit and will contribute to the health and general welfare of the County’s residents; and

WHEREAS, the County has determined that it would be obligated to make payments to DVRFA only in the event of a payment default by the Participant; and

WHEREAS, the County has determined that the execution of the 2004 Guaranty will allow the Participant to minimize the costs of issuance and the interest costs of the Participant Notes; and

WHEREAS, the execution and delivery of the 2004 Guaranty, under which the County shall guarantee the Participant’s obligations to pay principal, interest, and other charges due and payable to the DVRFA under the terms of the Participant Notes and Loan Agreements, will constitute “lease rental debt” under the Local Government Unit Debt Act, 53 Pa. C.S.A. §8001, et seq (the “Debt Act”), as amended and restated; and

WHEREAS, the Delaware Valley Regional Finance Authority (the “DVRFA”), a public authority within the meaning of the Debt Act, issued the Local Government Revenue Bonds, Series of 1998 and the Local Government Revenue Bonds, Series of 2002 (collectively, the “DVRFA Bonds”), to provide funds for loans to be secured by the pledge of the full faith, credit and taxing power of local government units (the “Loan Program”); and

WHEREAS, the DVRFA determined to enter into an “Interest Rate Management Agreement”, as such term is defined in the Debt Act, with respect to the DVRFA Bonds (the
“DVRFA Swap Agreement”) in order to provide a more cost effective Loan Program and to allow participants in the Loan Program to manage interest rate risk more efficiently; and

WHEREAS, Calhoun, Baker Inc. (the “Financial Advisor”) is an “Independent Financial Advisor”, as such term is defined in the Debt Act, to the DVRFA, and the Financial Advisor has prepared an “Interest Rate Management Plan” (the “DVRFA Plan”), as such term is defined in the Debt Act, that has been adopted by the Board of DVRFA; and

WHEREAS, the DVRFA established minimum criteria of long term, senior, unsecured debt ratings of “Aa3” or higher by Moody’s Investors Service or “AA-“ or higher by Standard & Poor’s for the provider of the DVRFA Swap Agreement, and the Board of the DVRFA found that the award of the DVRFA Swap Agreement by negotiation in a private sale was in the best financial interests of DVRFA and the participants in the Loan Program, and the Financial Advisor concluded that the financial terms and conditions of the DVRFA Swap Agreement were fair and reasonable as of the date of award; and

WHEREAS, the Participant wishes to utilize the DVRFA Loan Program by issuing the Participant Notes to the DVRFA and, under the terms of the loan documents, the Participant will be obligated to make certain payments under the DVRFA Swap Agreement; and

WHEREAS, the Board of Commissioners of the County desires to have the DVRFA Swap Agreement constitute a “Qualified Interest Rate Management Agreement”, as such term is defined in the Debt Act, with respect to the Participant Notes and the 2004 Guaranty, and the DVRFA Plan constitute the Interest Rate Management Plan required by the Debt Act; and

WHEREAS, Financial Security Assurance Inc. (the “Eligible Credit Enhancer”) shall issue a financial guaranty insurance policy (the “Eligible Credit Enhancement”) to secure certain payment obligations of the Participant and the County under the Guaranteed Revenue Note, Series A of 2004 and the Loan Agreement.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF BUCKS, PENNSYLVANIA, AND IT IS HEREBY ORDAINED AND ENACTED BY THE AUTHORITY OF SAID BOARD OF COMMISSIONERS THAT:

SECTION 1. APPROVAL OF THE LOWER COUNTY PROJECT, ESTIMATED USEFUL LIFE OF THE LOWER COUNTY PROJECT, AND APPROVAL OF THE PARTICIPANT NOTES

The Board of Commissioners hereby authorizes and directs the incurring of lease rental debt in the aggregate par amount of $10,900,000 by the issuance of the Participant Notes. The Board of Commissioners hereby finds that the Lower County Project would be beneficial to and would promote the health and general welfare of the residents of the County. The estimated useful life of the Lower County Project is thirty years, a period in excess of the twenty year term of the Participant Notes. The amortization of the principal of the Participant Notes shall begin
within two years of the date of issuance of the Participant Notes. The principal of the Participant Notes shall be amortized to provide approximately level annual debt service. The Board of Commissioners hereby approves the Lower County Project and hereby approves the issuance of the Participant Notes to fund the Lower County Project.

SECTION 2. APPROVAL OF THE PURCHASE PROPOSAL

The Board of Commissioners, after due deliberation and investigation, hereby determines that a private sale by negotiation of the Participant Notes to the DVRFA is in the best financial interest of the County and the Participant. The County hereby approves the sale of the Participant Notes in accordance with the terms of the proposal submitted by DVRFA, attached hereto as Exhibit I (the "Purchase Proposal"). The DVRFA will purchase the Participant Notes at a price of $10,900,000. The Participant shall be responsible for paying the DVRFA’s costs to purchase the Participant Notes, in an amount not to exceed $43,600, as directed by the DVRFA’s Program Administrator at the issuance of the Participant Notes. The $5,579,000 Guaranteed Revenue Note, Series A of 2004 (the “2004 A Note”) shall be purchased by DVRFA on or about December 28, 2004, or in such installments and/or at such other times as the Participant’s Chairman and the DVRFA’s Program Administrator shall determine. The $5,321,000 Guaranteed Revenue Note, Series B of 2004 (the “2004 B Note”) shall be purchased by DVRFA on or about June 27, 2005, or in such installments and/or at such other times as the Participant’s Chairman and the DVRFA’s Program Administrator shall determine.

SECTION 3. APPROVAL OF THE FORMS OF THE PARTICIPANT NOTES, LOAN AGREEMENTS, CONTINUING DISCLOSURE AGREEMENTS, TAX COMPLIANCE AGREEMENT, AND 2004 GUARANTY

The Board of Commissioners hereby approves the substantial forms of the Participant Notes, Loan Agreements, Continuing Disclosure Agreements, Tax Compliance Agreement, and 2004 Guaranty (collectively, the “Loan Documents”) attached to the DVRFA’s Purchase Proposal. The Chairman or Vice Chairman and the Chief Clerk are hereby authorized and directed to execute and deliver the 2004 Guaranty and the County’s Continuing Disclosure Agreements, in the substantial forms attached to the Purchase Proposal, but with such alterations, deletions and additions as the Chairman or Vice Chairman may approve (such approval to be conclusively established by the execution of the 2004 Guaranty and the Continuing Disclosure Agreements by the Chairman or Vice Chairman). The Chairman or Vice Chairman and the Chief Clerk also are hereby authorized and directed (i) to execute and deliver such other certificates, instruments, and agreements (including certificates, instruments, and agreements required by any institution issuing any financial guaranty insurance policy, letter of credit, or similar instrument securing the Participant Notes) and (ii) to take all actions that may be necessary or beneficial to issue the Participant Notes.

SECTION 4. AMORTIZATION AND MAXIMUM ANNUAL DEBT SERVICE SCHEDULE

The Participant Notes shall bear interest at the floating rate specified in the Loan Agreements and Participant Notes, the substantial forms of which are attached to the Purchase
Proposal. The annual lease rental payments due under the 2004 Guaranty would range from $0 to $1,970,300.00. The principal amortization schedule and maximum annual debt service payments for the Participant Notes (based upon the maximum interest rate of 15%) are set forth below:

Bucks County Community College
Guaranteed Revenue Notes, Series of 2004
Principal Amortization Schedule and
Maximum Annual Debt Service

<table>
<thead>
<tr>
<th>Period Ending</th>
<th>2004 A Note</th>
<th>2004 B Note</th>
<th>Total</th>
<th>Maximum Interest Rate</th>
<th>Maximum Interest Payment</th>
<th>Maximum Annual Debt Service</th>
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<tr>
<td>25-Dec-04</td>
<td>378,000.00</td>
<td>$</td>
<td>378,000.00</td>
<td>15%</td>
<td>$1,224,517.08</td>
<td>$1,602,517.08</td>
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<tr>
<td>25-Dec-06</td>
<td>392,000.00</td>
<td>-</td>
<td>392,000.00</td>
<td>15%</td>
<td>1,578,300.00</td>
<td>1,970,300.00</td>
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<tr>
<td>25-Dec-07</td>
<td>406,000.00</td>
<td>-</td>
<td>406,000.00</td>
<td>15%</td>
<td>1,519,500.00</td>
<td>1,925,500.00</td>
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<tr>
<td>25-Dec-08</td>
<td>421,000.00</td>
<td>-</td>
<td>421,000.00</td>
<td>15%</td>
<td>1,458,600.00</td>
<td>1,879,600.00</td>
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<tr>
<td>25-Dec-09</td>
<td>437,000.00</td>
<td>-</td>
<td>437,000.00</td>
<td>15%</td>
<td>1,395,450.00</td>
<td>1,832,450.00</td>
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<tr>
<td>25-Dec-10</td>
<td>453,000.00</td>
<td>-</td>
<td>453,000.00</td>
<td>15%</td>
<td>1,329,900.00</td>
<td>1,782,900.00</td>
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<tr>
<td>25-Dec-11</td>
<td>470,000.00</td>
<td>-</td>
<td>470,000.00</td>
<td>15%</td>
<td>1,261,950.00</td>
<td>1,731,950.00</td>
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<tr>
<td>25-Dec-12</td>
<td>487,000.00</td>
<td>-</td>
<td>487,000.00</td>
<td>15%</td>
<td>1,211,450.00</td>
<td>1,678,450.00</td>
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<tr>
<td>25-Dec-13</td>
<td>505,000.00</td>
<td>-</td>
<td>505,000.00</td>
<td>15%</td>
<td>1,118,400.00</td>
<td>1,623,400.00</td>
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<tr>
<td>25-Dec-14</td>
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<td>-</td>
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<td>15%</td>
<td>1,024,650.00</td>
<td>1,566,650.00</td>
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<tr>
<td>25-Dec-15</td>
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<td>-</td>
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<td>15%</td>
<td>964,050.00</td>
<td>1,507,050.00</td>
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<td>563,000.00</td>
<td>15%</td>
<td>882,600.00</td>
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<td>584,000.00</td>
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<td>798,150.00</td>
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<td>710,550.00</td>
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<tr>
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<td>15%</td>
<td>525,600.00</td>
<td>1,175,600.00</td>
</tr>
<tr>
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<td>15%</td>
<td>427,950.00</td>
<td>1,102,950.00</td>
</tr>
<tr>
<td>25-Dec-22</td>
<td>-</td>
<td>700,000.00</td>
<td>700,000.00</td>
<td>15%</td>
<td>326,700.00</td>
<td>1,026,700.00</td>
</tr>
<tr>
<td>25-Dec-23</td>
<td>-</td>
<td>726,000.00</td>
<td>726,000.00</td>
<td>15%</td>
<td>221,700.00</td>
<td>947,700.00</td>
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<tr>
<td>25-Dec-24</td>
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<td>752,000.00</td>
<td>752,000.00</td>
<td>15%</td>
<td>112,800.00</td>
<td>864,800.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$5,579,000.00</strong></td>
<td><strong>$5,321,000.00</strong></td>
<td><strong>$10,900,000.00</strong></td>
<td></td>
<td><strong>$18,710,617.08</strong></td>
<td><strong>$29,610,617.08</strong></td>
</tr>
</tbody>
</table>

(1) Principal is amortized to provide approximately level annual debt service at 3.70%.
(2) Interest is payable monthly on the 25th day of the month, commencing January 25, 2005. Calculated for the period beginning on December 29, 2004 for the 2004 A Note and June 27, 2005 for the 2004 B Note.

SECTION 5. AUTHORIZATION AND AWARD OF A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT RELATING TO THE PARTICIPANT NOTES

The County is incurring lease rental indebtedness under the Debt Act by the execution of the 2004 Guaranty. Under the terms of the 2004 Guaranty, in the event of a payment default of the Participant, the County will be obligated to make the scheduled payments for a portion of the DVRFA Swap Agreement related to the Participant Notes. The Board of Commissioners hereby accepts and adopts the DVRFA Plan as the Interest Rate Management Plan fulfilling the requirements of §8281(b)(2) of the Debt Act. The Board of Commissioners hereby accepts and ratifies the minimum criteria used by DVRFA to select the provider of the DVRFA Swap Agreement and hereby accepts and ratifies the award of the DVRFA Swap Agreement in a private sale by negotiation. The Board of Commissioners hereby authorizes and awards the DVRFA Swap Agreement as the Qualified Interest Rate Management Agreement with respect to the Participant Notes, pursuant to §8281(a)(2) of the Debt Act. The Board of Commissioners
hereby authorizes and directs the filing, to the Department of Community and Economic Development ("DCED") within fifteen days of enactment, of a certified copy of this Ordinance and the following documents, attached hereto, in accordance with §8284(a)(1) of the Debt Act:

(a) Forms of the Loan Agreements to be executed by the Participant and DVRFA,

(b) DVRFA Swap Agreement, the Qualified Interest Rate Management Agreement pursuant to §8281(b)(1) of the Debt Act,

(c) DVRFA Plan, the Interest Rate Management Plan pursuant to §8281(b)(2)(ii) of the Debt Act, and

(d) Finding of the Financial Advisor that the financial terms and conditions of the DVRFA Swap Agreement were fair and reasonable as of the date of the award by DVRFA, pursuant to §8281(c)(5) of the Debt Act.

SECTION 6. OBLIGATIONS RELATED TO THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT

The Participant’s and, in the event of a payment default by the Participant, the County’s obligations related to the DVRFA Swap Agreement are set forth in the Loan Agreements. In accordance with §8281(c) of the Debt Act:

1) The County pledges its full faith, credit, and taxing power to make any scheduled payments related to the DVRFA Swap Agreement and covenants to budget, appropriate, and pay any termination payment (the "Termination Payment") that may be due under the DVRFA Swap Agreement.

2) The notional amount of the DVRFA Swap Agreement related to the Participant Notes is equal to the outstanding principal amount of the Participant Notes, initially $10,900,000.

3) The scheduled term of the County’s obligations related to the DVRFA Swap Agreement ends on December 25, 2024.

4) The County’s obligations under the DVRFA Swap Agreement end when the Participant repays or prepaids the amounts outstanding under the Participant Notes and the Loan Agreements.

5) The maximum interest rate under the DVRFA Swap Agreement is 15%.

6) The maximum annual net, scheduled payments, not including any Termination Payment, related to the DVRFA Swap Agreement shall not exceed the maximum annual debt service payments authorized for the Participant Notes.

7) The County has pledged general revenues for the payment of any obligations due under the DVRFA Swap Agreement.
8) The DVRFA Swap Agreement requires collateralization if the ratings of the provider drop below “Aa3” by Moody’s Investor Service and “AA-” by Standard & Poor’s.

9) The County’s obligations to make payments due on the Participant Notes and scheduled payments related to the DVRFA Swap Agreement are senior to any obligation for a Termination Payment.

SECTION 7. AUTHORIZATION TO INCUR LEASE RENTAL DEBT AND TO PLEDGE THE FULL FAITH, CREDIT, AND TAXING POWER

The County is hereby authorized to incur lease rental debt, as defined in the Debt Act, which shall be evidenced by the 2004 Guaranty that secures the Participant Notes and the Loan Agreements. The County hereby covenants:

(i) to include all periodic scheduled payments payable under the 2004 Guaranty on the Participant Notes, which takes into consideration (a) the regularly scheduled interest payments on the DVRFA’s Bonds, (b) the periodic scheduled payments due under the DVRFA Swap Agreement, (c) all Administrative Fees and Expenses, except any Termination Payments due under the DVRFA Swap Agreement, and (d) the amortization of principal due on the Participant Notes, in the budget of the fiscal year in which such amounts are due and payable,

(ii) to appropriate such amounts from its taxes and other general revenues, and

(iii) to pay, or cause to be paid, punctually and duly, such amounts that are due and payable under the 2004 Guaranty for the Participant Notes and Loan Agreements at the dates and places and in the manner stated in the Participant Notes and the Loan Agreements.

For such budgeting, appropriation, and payment, the County irrevocably pledges its full faith, credit, and taxing power. As provided by the Debt Act, this covenant shall be specifically enforceable.

The County shall not claim any right of set-off, counterclaim, reduction or diminution of an obligation, or any other defense against the Participant or DVRFA to reduce its payment obligations under the 2004 Guaranty. The County’s payment obligations to the DVRFA, the holder of the Participant Notes, are absolute and unconditional. The 2004 Guaranty shall remain in full force and effect until the Participant has satisfied all of its obligations to the DVRFA and the Eligible Credit Enhancer under the Participant Notes and the Loan Agreements.

SECTION 8. COVENANTS FOR TERMINATION PAYMENTS

The County hereby covenants:

(i) to include the amounts for Administrative Fees and Expenses allocable to Termination Payments due under the DVRFA Swap Agreement for each fiscal year in which such Termination Payments are payable in its budget for that year,
(ii) to appropriate such amounts from its general revenues for the payment of such Termination Payments, and

(iii) to 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 Participant Notes and the Loan Agreements.

Pursuant to §8129 of the Debt Act, in the event of a payment default by the County, the Termination Payments shall constitute "unfunded debt".

SECTION 9. AUTHORIZATION TO SUBMIT STATEMENTS TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The Chairman or Vice Chairman of the Board of Commissioners and the Chief Clerk of the County are hereby authorized to prepare and to submit to the Department of Community and Economic Development ("DCED") the debt statement required by Section 8110 of the Debt Act, the proceedings that authorize the incurrence of lease rental debt that is evidenced by the 2004 Guaranty and any other documents required by the Debt Act or DCED.

SECTION 10. LEGAL ADVERTISEMENTS

The Board of Commissioners hereby ratifies and directs the advertisement of a summary of this Ordinance as finally enacted, as required by the Debt Act, in The Intelligencer, a newspaper of general circulation in the County of Bucks, within fifteen (15) days following the day of final enactment.

SECTION 11. CONFLICTING ORDINANCES

All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

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IN WITNESS WHEREOF, we, the Undersigned, have hereunto set our signatures and affixed hereto the Seal of the County.

Dated: November 17, 2004

CHARLES H. MARTIN
Chairman of the Board of Commissioners
County of Bucks, Pennsylvania

MICHAEL G. FITZPATRICK, ESQUIRE
Commissioner
County of Bucks, Pennsylvania

[Seal]

SANDRA A. MILLER
Commissioner
County of Bucks, Pennsylvania

ATTEST:

DAVID G. STEINBACH
Chief Clerk
County of Bucks, Pennsylvania