ORDINANCE NO. 152
OF THE BOARD OF COMMISSIONERS
OF THE COUNTY OF BUCKS,
COMMONWEALTH OF PENNSYLVANIA


WITNESSETH:

WHEREAS, the Bucks County Community College Authority (the “Authority”) is a body politic and corporate duly organized and created by the County of Bucks, Pennsylvania (the “County”) pursuant to the Municipality Authorities Act, 53 Pa. C.S. §5601, et seq., as amended (the “Authorities Act”) and owns certain tracts of land in the County and the buildings and
improvements thereon known as the Bucks County Community College (the "College Facilities") for use and operation by the Bucks County Community College (the "College"); and

WHEREAS, the Authority has previously issued its College Building Revenue Bonds, Series of 2007 Bonds (the "2007 Bonds") pursuant to a Trust Indenture, dated as of June 15, 2007 (the "Original Indenture"), between the Authority and the Bank of New York Trust Company, N.A., and its successors, as trustee (the "Trustee") to finance certain capital projects for the College; and

WHEREAS, the Authority has previously issued its College Building Revenue Bonds, Series of 2008 (the "2008 Bonds") under a First Supplemental Trust Indenture dated as of June 15, 2008 (the "First Supplemental Indenture") between the Authority and the Trustee to finance certain capital projects for use and operation by the College; and

WHEREAS, the Authority has previously issued its Guaranteed College Building Revenue Bonds, Series of 2014 (the "2014 Bonds") under a Second Supplemental Trust Indenture dated as of December 1, 2014 (the "Second Supplemental Indenture") between the Authority and the Trustee to finance certain capital projects for use and operation by the College; and

WHEREAS, the Authority has previously issued its Guaranteed College Building Revenue Bonds, Series of 2016 (the "2016 Bonds") under a Third Supplemental Trust Indenture dated as of October 15, 2016 (the "Third Supplemental Indenture"), between the Authority and the Trustee to refund the 2008 Bonds; and

WHEREAS, the Original Indenture provides that Additional Bonds may be issued, authenticated and delivered on a parity with all other bonds issued and outstanding (after the issuance of the 2017 Bonds, the 2007 Bonds, 2014 Bonds and 2016 Bonds will be outstanding on a parity under the Indenture) for the purposes and subject to the conditions provided in the Original Indenture; and

WHEREAS, the College has requested that the Authority undertake a financing program to fund deferred maintenance projects of the College Facilities (the "Deferred Maintenance Project") including roof replacement, acquisition of energy equipment and services, installation
of signage, improvements to heating ventilation and cooling systems, improvements to elevators, and other improvements and renovations of buildings and facilities; and

WHEREAS, the Authority has determined to finance the Deferred Maintenance Project from the proceeds of the Authority’s Guaranteed College Building Revenue Bonds, 2017 Series (the “2017 Bonds”) which will be issued pursuant to a supplemental indenture, dated as of May 10, 2017 (the “Fourth Supplemental Indenture” and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, collectively the “Indenture”); and

WHEREAS, the Authority, the County and the College have entered into a Lease and Sublease dated as of June 15, 2007, as amended by the First Supplemental Lease and Sublease dated as of June 15, 2008, a Second Supplemental Lease and Sublease dated as of December 1, 2014, and a Third Supplemental Lease and Sublease dated as of October 15, 2016 (collectively, the “Original Lease”), providing for the payment of rentals in amounts sufficient to provide for the debt service requirements on the 2007 Bonds, the 2008 Bonds, the 2014 Bonds, and the 2016 Bonds; and

WHEREAS, in connection with the issuance of the 2017 Bonds and simultaneously with the execution of the Fourth Supplemental Indenture, the College, the Authority and the County are entering into a Fourth Supplemental Lease and Sublease dated as of May 10, 2017 (the “Fourth Supplemental Lease and Sublease”; and together with the Original Lease, collectively the “Lease”), providing for the payment of rentals by the College in amounts sufficient to provide for the debt service requirements on the 2017 Bonds and for the College, on behalf of the County, to possess and occupy the premises and facilities described in the Lease (the “Leased Premises”) and to maintain, repair and insure Leased Premises in accordance with the terms of the Lease; and

WHEREAS, the College Facilities 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 College Facilities, through a lease, management contract, or any other arrangement that would result in a private business use under the Internal Revenue Code of 1986 (the “Code”), as amended; and

WHEREAS, the Authority has received a proposal for the purchase of the 2017 Bonds from the Delaware Valley Regional Finance Authority (“DelVal”) to fund the Deferred
Maintenance Project, reimburse expenditures by the College on the Deferred Maintenance Project incurred prior to the issuance of the 2017 Bonds, and pay the costs of issuance of the 2017 Bonds (collectively, the "2017 Project"); and

WHEREAS, the expenditures by the College to be reimbursed were not incurred more than sixty days prior to the adoption of this Resolution; and

WHEREAS, the Authority has determined that the negotiated sale of the 2017 Bonds to DelVal is in the best financial interest of the Authority; and

WHEREAS, DelVal’s Loan Commitment, as a condition to the purchase of the 2017 Bonds, requires the execution and delivery of (i) a guaranty agreement (the “Guaranty”) by and among the Authority, the County, and the Trustee to secure the Authority’s payment obligations under the 2017 Bonds, (ii) the Fourth Supplemental Indenture, and (iii) the Fourth Supplemental Lease and Sublease; and

WHEREAS, the County has determined that the 2017 Project will benefit and contribute to the health and general welfare of the County’s residents; and

WHEREAS, the County has determined that the execution of the Guaranty will allow the Authority to minimize the costs of the 2017 Bonds and thereby minimize the rates and charges that the Authority must assess for use of the Leased Premises; and

WHEREAS, the execution and delivery of the Guaranty, under which the County shall guarantee the Authority’s obligations to pay principal, interest, and other charges due and payable to DelVal under the terms of the 2017 Bonds and the related loan agreement (the “Loan Agreement”) will constitute “lease rental debt” under the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S.A. §8001, et seq (the “Debt Act”), as amended and restated; and

WHEREAS, the proposed increase of lease rental debt from the execution of the Guaranty, together with the nonelectoral and lease rental debt presently outstanding, will not cause the constitutional or statutory debt limitations of the County to be exceeded; and

WHEREAS, DelVal, a public authority within the meaning of the Debt Act, has from time to time issued Local Government Revenue Bonds (the “DelVal 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, DelVal has from time to time entered into interest rate swap agreements related to the DelVal Bonds (collectively, the “DelVal 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 DelVal, and the Financial Advisor has prepared an “Interest Rate Management Plan” (the “Plan”), as such term is defined in the Debt Act, and an Interest Rate Swap Management Policy (the “Swap Policy”) that have been adopted by the Board of Directors of DelVal; and

WHEREAS, DelVal established minimum criteria of long term, senior, unsecured debt ratings in the “AA” category or higher by at least one Nationally Recognized Statistical Rating Organization registered with the Securities and Exchange Commission for any counterparty to the DelVal Swap Agreement (or a rating equal to or higher than the counterparty active under a swap agreement related to any series of DelVal Bonds), and the Board of DelVal found that the award of transactions under the DelVal Swap Agreement by negotiation in a private sale was in the best financial interests of DelVal and the participants in the Loan Program, and the Financial Advisor concluded that the financial terms and conditions of the DelVal Swap Agreement were fair and reasonable as of the date of award; and

WHEREAS, the Authority wishes to utilize the DelVal Loan Program by issuing the 2017 Bonds to DelVal; and

WHEREAS, under the terms of the Loan Agreement with DelVal, interest payments on the 2017 Bonds (the “Loan Interest”) will equal the amounts allocable to the 2017 Bonds for interest on the DelVal Bonds, regularly scheduled payments on the DelVal Swap Agreement, and other costs and liquidity requirements incurred by DelVal to administer the Loan Program; and

WHEREAS, under the terms of the Loan Agreement with DelVal, the principal amount outstanding of the 2017 Bonds (the “Loan Principal”) will equal the notional amount of the DelVal Swap Agreement related to the 2017 Bonds; and; and
WHEREAS, under the terms of the Guaranty, the County shall guarantee the timely payment of all amounts due under the Loan Agreement and the 2017 Bonds, including payments under the DelVal Swap Agreement related to the 2017 Bonds; and

WHEREAS, the County intends to (i) designate the Guaranty and the portion of the DelVal Swap Agreement related to the 2017 Bonds and the Loan Agreement as a Qualified Interest Rate Management Agreement under the Debt Act, (ii) approve the Plan as the Interest Rate Management Plan required by the Debt Act, and (iii) adopt the Swap Policy.

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

SECTION 1. APPROVAL OF THE PROJECT AND AUTHORIZATION TO ISSUE THE 2017 BONDS

The estimated, weighted average useful life of the 2017 Project exceeds the ten-year term of the 2017 Bonds. The principal of the 2017 Bonds shall be amortized to provide approximately level or declining annual debt service. The amortization of the principal amounts of the 2017 Bonds shall begin within two years of the issuance of the 2017 Bonds.

The Board of Commissioners (the “Board”) hereby authorizes and approves the 2017 Project. The Board hereby authorizes and directs the incurring of lease rental debt in the aggregate principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($7,500,000), evidenced by the execution of the Guaranty.

SECTION 2. APPROVAL OF THE LOAN COMMITMENT

The Board, after due deliberation and investigation, hereby determines that a private sale by negotiation of the 2017 Bonds to DelVal is in the best financial interests of the Authority and the County. The County hereby approves the sale of the 2017 Bonds in accordance with the terms of the proposal submitted by DelVal (the “Loan Commitment”) attached hereto. DelVal will purchase the 2017 Bonds at a price of $7,500,000. The Authority shall be responsible for paying DelVal's costs of origination in an amount not to exceed $37,500, as directed by DelVal’s Program Administrator upon the issuance of the 2017 Bonds. The 2017 Bonds shall be
purchased by DelVal on or about May 10, 2017, or in such installments and/or at such other times as the Authority’s Chairman and DelVal’s Program Administrator shall determine.

SECTION 3.  APPROVAL OF THE FORMS OF THE LOAN DOCUMENTS AND AUTHORIZATION TO EXECUTE THE AGREEMENTS TO ISSUE THE 2017 BONDS

The Board hereby approves the substantial forms of the 2017 Bonds, Loan Agreement, Participant Tax Compliance Agreement, Guaranty, Fourth Supplemental Indenture, and Fourth Supplemental Lease and Sublease (collectively, the “Loan Documents”) attached to DelVal’s Loan Commitment. The Chairman or Vice Chairman, and the Secretary (the “Authorized Officers”) are hereby authorized and directed to execute and deliver the Loan Documents, each in the respective form attached to the Loan Commitment, but with such alterations, deletions and additions as the Authorized Officers may approve (such approval to be conclusively established by the execution by said Authorized Officers). The Authorized Officers also are hereby authorized and directed (i) to execute and deliver such other certificates, instruments, and agreements and (ii) to take all actions that may be necessary or beneficial to issue the 2017 Bonds.

SECTION 4.  AMORTIZATION SCHEDULE AND MAXIMUM ANNUAL LEASE RENTAL PAYMENTS

The 2017 Bonds shall bear interest at the floating rate specified in the Loan Agreement and 2017 Bonds, the substantial forms of which are attached to the Loan Commitment. The annual lease rental payments due under the Guaranty would range from $0 to $1,709,500. The principal amortization schedule and maximum annual debt service payments for the 2017 Bonds (based upon the maximum Loan Rate of 15%) are shown below:
Bucks County Community College Authority
Guaranteed College Building Revenue Bonds, 2017 Series
Principal Amortization Schedule and
Maximum Annual Debt Service Payments

<table>
<thead>
<tr>
<th>Bond Year Ending</th>
<th>Total Principal (1)</th>
<th>Maximum Interest Rate</th>
<th>Maximum Interest Payment (2)</th>
<th>Maximum Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-Jun-17</td>
<td>$370,000.00</td>
<td>15%</td>
<td>$140,625.00</td>
<td>$510,625.00</td>
</tr>
<tr>
<td>25-Jun-18</td>
<td>640,000.00</td>
<td>15%</td>
<td>1,069,500.00</td>
<td>1,709,500.00</td>
</tr>
<tr>
<td>25-Jun-19</td>
<td>655,000.00</td>
<td>15%</td>
<td>973,500.00</td>
<td>1,628,500.00</td>
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<tr>
<td>25-Jun-20</td>
<td>671,000.00</td>
<td>15%</td>
<td>875,250.00</td>
<td>1,546,250.00</td>
</tr>
<tr>
<td>25-Jun-21</td>
<td>687,000.00</td>
<td>15%</td>
<td>774,600.00</td>
<td>1,461,600.00</td>
</tr>
<tr>
<td>25-Jun-22</td>
<td>703,000.00</td>
<td>15%</td>
<td>671,550.00</td>
<td>1,374,550.00</td>
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<tr>
<td>25-Jun-23</td>
<td>720,000.00</td>
<td>15%</td>
<td>566,100.00</td>
<td>1,286,100.00</td>
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<tr>
<td>25-Jun-24</td>
<td>737,000.00</td>
<td>15%</td>
<td>456,100.00</td>
<td>1,195,100.00</td>
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<td>25-Jun-25</td>
<td>754,000.00</td>
<td>15%</td>
<td>347,550.00</td>
<td>1,101,550.00</td>
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<tr>
<td>25-Jun-26</td>
<td>772,000.00</td>
<td>15%</td>
<td>234,450.00</td>
<td>1,006,450.00</td>
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<td>25-Jun-27</td>
<td>791,000.00</td>
<td>15%</td>
<td>118,650.00</td>
<td>909,650.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,500,000.00</strong></td>
<td><strong>$6,229,875.00</strong></td>
<td><strong>$13,729,875.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

(1) Principal is payable annually, commencing on: 25-Jun-17
Principal is amortized to provide level or declining annual debt service.
(2) Interest is payable monthly on the 25th, commencing: 25-May-17
Interest is calculated for the period beginning on: 10-May-17

SECTION 5. AUTHORIZATION AND AWARD OF A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT RELATING TO THE 2017 BONDS

Under the terms of the Guaranty, in the event of a payment default of the Authority, the County will be obligated to make the scheduled payments for the portion of the DelVal Swap Agreement related to the 2017 Bonds. The Board hereby approves and adopts the Plan as the Interest Rate Management Plan fulfilling the requirements of §8281(b)(2) of the Debt Act, and the Board hereby approves and adopts the Swap Policy. The Board hereby accepts and ratifies the minimum criteria used by DelVal to select the provider of the DelVal Swap Agreement and the award of the DelVal Swap Agreement in a private sale by negotiation. The Board hereby authorizes and awards the Guaranty and the Loan Agreement as the Qualified Interest Rate Management Agreement related to the 2017 Bonds, pursuant to §8281(a)(2) of the Debt Act. The Board 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, in accordance with §8284(a)(1) of the Debt Act.
1) the forms of the Guaranty, Loan Agreement, 2017 Bonds, and the DelVal Swap Agreement, the Qualified Interest Rate Management Agreement pursuant to §8281(b)(1) of the Debt Act, 
2) the Interest Rate Management Plan pursuant to §8281(b)(2)(ii) of the Debt Act, and
3) the finding of the Financial Advisor that the financial terms and conditions of the DelVal Swap Agreement were fair and reasonable as of the date of the award by DelVal, pursuant to §8281(e)(5) of the Debt Act.

SECTION 6. PLEDGE OF 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 Guaranty that secures the 2017 Bonds and the Loan Agreement. The County hereby covenants, in the event of a deficiency by the Authority:

1) to include all periodic, scheduled payments of Loan Interest and Loan Principal payable under the Loan Agreement and the 2017 Bonds in the budget of the fiscal year in which such amounts are due and payable,
2) to appropriate such amounts from its taxes and other general revenues, and
3) to pay, or cause to be paid, punctually and duly, such amounts that are due and payable under the 2017 Bonds and the Loan Agreement at the dates and places and in the manner stated in the 2017 Bonds and the Loan Agreement.

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.

SECTION 7. OBLIGATIONS RELATED TO THE QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT

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

1) The County pledges its full faith, credit, and taxing power to make any periodic scheduled payments due and payable under the DelVal Swap Agreement related to
the 2017 Bonds and Loan Agreement (the “Periodic Payments”). The County covenants to (a) include all Periodic Payments in the budget of the fiscal year in which such amounts are due and payable, (b) appropriate such amounts from its taxes and other general revenues, and (c) pay, or cause to be paid, punctually and duly, such amounts that are due and payable on the dates, at the places, and in the manner stated in the 2017 Bonds and the Loan Agreement. As provided by the Debt Act, this covenant shall be specifically enforceable.

2) The notional amount of the DelVal Swap Agreement related to the 2017 Bonds is equal to the outstanding principal amount of the 2017 Bonds, initially $7,500,000.

3) The County’s obligations under the DelVal Swap Agreement end when the County repays or prepays the amounts outstanding under the 2017 Bonds and the Loan Agreement. The scheduled term of the County’s obligations related to the DelVal Swap Agreement ends on June 25, 2027.

4) The County pledges to budget, appropriate, and pay any termination payment due and payable under the DelVal Swap Agreement related to the 2017 Bonds and Loan Agreement (the “Termination Charge”). The County covenants (a) to include any Termination Charge in the budget of the fiscal year in which such amounts are due and payable, (b) appropriate such amounts from its taxes and other general revenues, and (c) pay, or cause to be paid, punctually and duly, such amounts that are due and payable on the dates, at the places, and in the manner stated in the 2017 Bonds and the Loan Agreement. The County’s obligations to make Periodic Payments are senior to any obligation for a Termination Charge.

5) The maximum annual Periodic Payments, not including any Termination Charge, shall not exceed the maximum annual debt service payments authorized for the 2017 Bonds. The maximum Loan Rate under the Loan Agreement and the DelVal Swap Agreement is 15%.

SECTION 8. AUTHORIZATION TO SUBMIT STATEMENTS TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The Authorized Officers are hereby authorized to prepare and to submit to the Department of Community and Economic Development (“DCED”) the debt statement required
by §8110 of the *Debt Act*, the proceedings that authorize the incurrence of lease rental debt that is evidenced by the Guaranty and any other documents required by the *Debt Act* or DCED.

**SECTION 9. LEGAL ADVERTISEMENTS**

The Board 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, within fifteen (15) days following the day of final enactment.

**SECTION 10. CONFLICTING ORDINANCES**

All Ordinances or parts of Ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.
IN WITNESS WHEREOF, we, the undersigned Authorized Officers, have hereunto set our signatures and affixed hereto the Seal of the COUNTY OF BUCKS, Commonwealth of Pennsylvania.

Dated: April 5, 2017

[Seal]

CHAIRMAN, BOARD OF COMMISSIONERS

ROBERT G. LOUGHERY
Vice Chairman, Board of Commissioners

DIANE M. ELLIS-MARSEGILLA
Commissioner

ATTEST:

LYNN F. BUSH
Chief Clerk

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