

MANHEIM TOWNSHIP SCHOOL DISTRICT
LANCASTER COUNTY, PENNSYLVANIA

A RESOLUTION

ADOPTING AN INTEREST RATE MANAGEMENT PLAN; AWARDING, BY PRIVATE NEGOTIATED SALE, A QUALIFIED INTEREST RATE MANAGEMENT AGREEMENT IN THE FORM OF A CONFIRMATION; AUTHORIZING THE EXECUTION AND DELIVERY OF, AND APPROVING THE FORM OF, THE AGREEMENT; MAKING A COVENANT FOR THE PAYMENT OF ALL AMOUNTS OWED UNDER THE AGREEMENT; APPOINTING AN INDEPENDENT FINANCIAL ADVISOR AND SPECIAL COUNSEL IN CONNECTION WITH THE PLAN AND THE AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER NECESSARY DOCUMENTS AND THE TAKING OF OTHER NECESSARY ACTIONS.

WHEREAS, Manheim Township School District (the "School District"), Lancaster County, Pennsylvania, previously issued the General Obligation Notes, Series of 2011 (the "2011 Notes"), of the School District, in the original aggregate principal amount of \$61,350,000, for the purposes of refunding prior general obligations of the School District, thereby refinancing capital projects of the School District; and

WHEREAS, the 2011 Notes were issued as variable interest rate notes pursuant to the authorizing resolution (the "2011 Resolution") adopted by the Board of School Directors (the "Board") of the School District on November 10, 2011, the provisions of the Local Government Unit Debt Act, Act No. 177 of 1996, as amended, 53 Pennsylvania Consolidated Statutes, Section 8001, et seq. (the "Act"), of the Commonwealth of Pennsylvania (the "Commonwealth"), and Certificate of Approval No. GON-13564 of the Department of Community and Economic Development (the "Department") of the Commonwealth dated December 9, 2011; and

WHEREAS, pursuant to authorizing resolutions and submissions to the Department pursuant to and in compliance with the Act, the School District entered into an ISDA Master Agreement (the "Master Agreement") with Royal Bank of Canada (the "Counterparty"), and by confirmations to the Master Agreement, entered into a prior interest rate management agreement in the form of an interest rate swap, for the 2011 Notes; and

WHEREAS, the School District has determined to issue the General Obligation Bonds, Series A of 2014 (the "2014-A Bonds"), of the School District, to refund and redeem the 2011 Notes; and

WHEREAS, PFM Swap Advisors LLC, as the independent financial advisor to the School District, has prepared an interest rate management plan (the "Plan") with respect to the 2014-A Bonds; and

WHEREAS, the Plan proposes that the School District enter into a confirmation (the "New Confirmation") to the Master Agreement to make the obligations of the School District and the Counterparty under the prior swap agreement relating to the 2011 Notes applicable to the 2014-A Bonds, upon issuance of the 2014-A Bonds and the refunding of the 2011 Notes; and

WHEREAS, the New Confirmation, in the judgment of the Board, is designed, as set forth in the Plan, to manage interest rate risk or interest cost associated with the 2014-A Bonds; and

WHEREAS, the Board has determined that it is in the best financial interest of the School District to enter into the New Confirmation and to effectively confirm the award of the prior interest rate swap agreement (the "Interest Rate Swap Agreement") to the Counterparty by private sale by negotiation; and

WHEREAS, the Board has determined to adopt the Plan and award the Interest Rate Swap Agreement in accordance with the applicable provisions of the Act.

NOW, THEREFORE, BE IT RESOLVED by the Board of the School District as follows:

1. Appointments. In connection with the Plan and the Interest Rate Swap Agreement, the appointment of PFM Swap Advisors LLC as the independent financial advisor (the "Independent Financial Advisor") for the School District is hereby confirmed, and Hartman Underhill & Brubaker, LLC is hereby appointed as special counsel to the School District.

2. Interest Rate Management Plan. The Independent Financial Advisor has represented to the Board that it is an "independent financial advisor" within the meaning of and in accordance with the Act, in that the Independent Financial Advisor is not the Counterparty or an affiliate or agent of the Counterparty. The Plan, as prepared by the Independent Financial Advisor and presented to the Board on the date of consideration of this Resolution by the Board, is hereby approved and adopted as an "interest rate management plan", within the meaning of the Act, of the School District in connection with the 2014-A Bonds. In accordance with the Act, within fifteen (15) days following the Board's adoption of this Resolution, certified copies of this Resolution and the Plan, in substantially the form attached hereto and made a part hereof as Exhibit "A", shall be filed with the Department.

3. Qualified Interest Rate Management Agreement. The Interest Rate Swap Agreement, in substantially the form previously presented to and approved by the Board and the New Confirmation in the form presented to the Board by the Counterparty on the date of consideration of this Resolution, after consultation with and upon the advice of the Independent Financial Advisor, are hereby approved. Award of the Interest Rate Swap Agreement to the Counterparty on private sale by negotiation is hereby confirmed, and the New Confirmation is hereby approved, which the Board hereby confirms to have been determined to be in the best financial interest of the School District. Upon issuance of the 2014-A Bonds and refunding of the 2011 Notes, the President or Vice President, together with the Secretary, are each hereby authorized and directed to execute, to attest, to seal and to deliver the New Confirmation and all related documents to the Counterparty and to take any and all related necessary or appropriate action.

A true and correct copy of the New Confirmation, as hereby approved and being in substantially the forms to be executed, shall be attached to and made a part of this Resolution.

The School District hereby confirms its covenant to make the payments required under the Interest Rate Swap Agreement and further covenants that the School District shall, subject to

statutory restrictions and limitations, include the amounts payable in respect of the Interest Rate Swap Agreement 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 Interest Rate Swap Agreement, and, subject to statutory restrictions and limitations, hereby pledges the full faith, credit and taxing power for the budgeting, appropriation and payment of such payments due under the Interest Rate Swap Agreement.

The payments due from the School District under the Interest Rate Swap Agreement shall be secured under this Resolution. The notional amount of the Interest Rate Swap Agreement, the term (which shall not extend beyond the maturity dates of the 2014-A Bonds to which the Interest Rate Swap Agreement relates) of the Interest Rate Swap Agreement, the maximum annual interest rate which the School District may pay, and the provisions addressing the actions to be taken if the credit rating of the Counterparty changes, shall be as set forth in the Interest Rate Swap Agreement and the Plan.

The maximum net payments by fiscal year of the School District under the Interest Rate Swap Agreement shall not exceed the maximum interest rate specified in the Interest Rate Swap Agreement for: (i) periodic payments, not including any termination payments, due under the Interest Rate Swap Agreement; and (ii) the interest on the 2014-A Bonds to which the Interest Rate Swap Agreement relates. The School District further covenants that it shall include any termination payment or similar payment under the Interest Rate Swap Agreement in its current budget at any time during a fiscal year or in a budget adopted in a future fiscal year. The Interest Rate Swap Agreement may be terminated, as provided by and pursuant to the terms thereof, at the option of the School District without cause, but may not be terminated by the Counterparty without cause, as described in the Interest Rate Swap Agreement.

4. Effectiveness of Resolution. This Resolution shall take effect immediately upon adoption.

5. Validity of Resolution. In the event any one or more of the provisions of this Resolution shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution and this Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained herein.

6. Payment of Costs and Expenses. The proper officers of the School District are hereby authorized and directed to pay the costs associated with the transactions contemplated by this Resolution.

7. Governing Law. The laws of the Commonwealth shall govern the construction and interpretation of this Resolution.

DULY ADOPTED by the Board of the School District this 21st day of August, 2014.

MANHEIM TOWNSHIP SCHOOL DISTRICT

By: _____
(Vice) President, Board of School Directors

Attest: _____
Secretary

(SEAL)

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution duly adopted by the affirmative vote of a majority of all of the members of the Board of School Directors (the "Board") of the Manheim Township School District, Lancaster County, Pennsylvania, at a public meeting of the Board held on August 21, 2014; that proper notice of such meeting was duly given as required by law; and that said Resolution has been duly entered upon the minutes of said Board, showing how each member voted thereon.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the School District this 21st day of August, 2014.

Secretary

(SEAL)