

RESOLUTION 2013-42

A RESOLUTION OF RADNOR TOWNSHIP, DELAWARE COUNTY, PENNSYLVANIA, EXECUTING THE TERMINATION OF THE INTEREST RATE SWAP AGREEMENT

WHEREAS, the Board of Commissioners adopted Ordinance 2005-12 on August 15, 2005 which approved an Interest Rate Management Plan including the form of an Interest Rate Management Agreement relating to the Township's General Obligation Bonds Series 2004 otherwise known as the "Swaption" whereby the Township received \$1,080,000 in up front proceeds and authorized the Counter Party (Lehman Brothers) to hold the option to put the Township into an interest rate swap agreement effective August 1, 2014; and

WHEREAS, significant changes in the market have resulted in Township's exposure under the Swap Agreement to grow materially with regard to cost, both known and unknown as they relate to the inherent interest rate risk, market risk, and credit risk associated with Lehman Brother's sole option to exercise the swap option in August 2014; and

WHEREAS, market conditions, as they exist today, provide the Township with the opportunity to terminate the Swap Agreement in its entirety, and proceed with refunding the General Obligation Bonds Series 2004 with more predictable, less risky, and more cost effective methods of financing; and

WHEREAS, the Citizens Audit Review and Financial Advisory Committee (CARFAC), at the Board's direction, worked with the Township Administration to analyze the Township's options with regard to how to proceed given the terms of the Swap Agreement and current market conditions; and

WHEREAS, CARFAC and Township Administration agree that terminating the Swap Agreement and refunding the General Obligation Bonds Series 2004 with fixed rate bonds that offer more stable and predictable costs eliminating the multitude of risks and costs associated with variable rate bonds provides the most fiscally prudent decision available given the facts as they exist at this time.

NOW, THEREFORE, it is hereby **RESOLVED** by the Radnor Township Board of Commissioners to execute a Swap Termination Agreement as recommended by Township Administration.

SO RESOLVED, this 8th day of April, A.D., 2013

RADNOR TOWNSHIP


By:



Name: Elaine P. Schaefer

Title: President

ATTEST:


Name: Robert A. Zienkowski,

Title: Township Manager / Secretary