

**ORDINANCE #104**

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**FIRST READING - August 6, 1996**  
**SECOND READING - August 20, 1996**  
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AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF LACKAWANNA COUNTY AUTHORIZING AND DIRECTING ISSUANCE OF GENERAL OBLIGATION BONDS OF LACKAWANNA COUNTY, IN THE AGGREGATE PRINCIPAL AMOUNT OF ELEVEN MILLION FORTY THOUSAND DOLLARS (\$11,040,000) (THE "BONDS"), PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, APPROVED APRIL 28, 1978, ACT NO. 52, AS AMENDED AND SUPPLEMENTED (THE "ACT"), FOR THE PURPOSE OF PROVIDING FUNDS TO BE APPLIED FOR AND TOWARD A CAPITAL PROJECT ("1996 CAPITAL IMPROVEMENT PROJECT"); FOR THE PURPOSE OF PROVIDING FUNDS TO BE APPLIED FOR AND TOWARD AN EQUIPMENT PROJECT ("1996 EQUIPMENT PROJECT"), AND FOR AND TOWARD THE CAPITALIZING OF INTEREST IN THE AMOUNT OF \$465,968.19 ON THE INITIAL TWO (2) INTEREST PAYMENT DATES; DETERMINING THAT THE DEBT TO BE EVIDENCED BY THE BOND SHALL BE NONELECTORAL DEBT OF THIS COUNTY; DETERMINING TO COMBINE THE 1996 CAPITAL IMPROVEMENT PROJECT, THE 1996 EQUIPMENT PROJECT AND THE CAPITALIZED INTEREST FOR FINANCING PURPOSES AS PERMITTED BY SECTION 401 OF THE ACT; SPECIFYING THAT REASONABLE COST ESTIMATES HAVE BEEN OBTAINED AND SPECIFYING THE ESTIMATED USEFUL LIFE OF THE 1996 CAPITAL IMPROVEMENT PROJECT TO BE FUNDED BY THE BONDS; DETERMINING THAT THE BONDS SHALL BE SOLD AT PRIVATE SALE; ACCEPTING A PROPOSAL FOR PURCHASE OF THE BONDS AT PRIVATE SALE AND AWARDING THE BONDS AND SETTING FORTH RELATED PROVISIONS; PROVIDING THAT THE BONDS, WHEN ISSUED, SHALL BE GENERAL OBLIGATION BONDS OF LACKAWANNA COUNTY; FIXING THE SUBSTANTIAL FORM, DENOMINATIONS, MATURITY DATES, INTEREST RATES, INTEREST PAYMENT DATES, REGISTRATION PROVISIONS, PLACE OF PAYMENT OF PRINCIPAL AND INTEREST, REDEMPTION PROVISIONS, AS APPLICABLE, AND THE FORM OF PAYING AGENT'S CERTIFICATE AND FORM OF ASSIGNMENT AND TRANSFER; AUTHORIZING EXECUTION, ATTESTATION AND AUTHENTICATION OF THE BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO THE BONDS AS REQUIRED BY SUCH ACT AND THE PENNSYLVANIA CONSTITUTION AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF LACKAWANNA COUNTY IN SUPPORT THEREOF; CREATING A SINKING FUND; APPOINTING A PAYING AGENT, REGISTRAR AND SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT OF ALL OBLIGATIONS OF THE BONDS WHEN DUE; AUTHORIZING AND DIRECTING APPROPRIATE AND SPECIFIED OFFICERS OF THIS COUNTY TO PREPARE, EXECUTE, VERIFY AND FILE, AS APPROPRIATE, THE DEBT STATEMENT, THE BORROWING BASE CERTIFICATE TO BE APPENDED TO THE DEBT STATEMENT; AUTHORIZING AND DIRECTING APPROPRIATE OFFICERS OF LACKAWANNA COUNTY TO DO AND PERFORM CERTAIN OTHER SPECIFIED, REQUIRED OR APPROPRIATE ACTS AND THINGS; SETTING FORTH THAT THE BONDS HAVE BEEN SOLD AT PRIVATE SALE; DECLARING THAT THE DEBT TO BE INCURRED IS WITHIN THE LIMITATION IMPOSED BY SUCH ACT UPON THE INCURRING OF SUCH DEBT BY LACKAWANNA COUNTY; SETTING FORTH CERTAIN COVENANTS RELATING TO THE NON-ARBITRAGE STATUS OF THE BONDS; CREATING A CLEARING ACCOUNT AND A CAPITAL PROJECT ACCOUNT; RATIFYING THE PRELIMINARY OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF AND AUTHORIZING THE APPROVAL AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT AND THE USE THEREOF IN CONNECTION WITH THE SALE OF THE BONDS; AUTHORIZING THE PAYMENT OF EXPENSES; PROVIDING GUIDELINES FOR PERMITTED INVESTMENTS; AUTHORIZING THE PURCHASE OF A POLICY OF MUNICIPAL BOND INSURANCE; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

WHEREAS, the County of Lackawanna, Pennsylvania (the "County"), is a municipality existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a Local Government Unit, as defined in the Local Government Unit Debt Act, Act No. 52 of 1978 approved April 28, 1978, as amended and supplemented, of the Commonwealth (the "Act"); and

WHEREAS, The Board of County Commissioners of Lackawanna County has determined to undertake and complete a capital fund project in 1996 at an approximate cost of \$10,000,000 to include the construction of: a visitors center, trolley museum and excursion, ski slope, design of nursing home and prison and repairs to recreational areas (collectively the "1996 Capital Improvement Project"); and

WHEREAS, the Board of County Commissioners of Lackawanna County determined to undertake and complete an equipment project in 1996 at an approximately cost of \$567,500.00 to include computerization and the purchase of specialty vehicles collectively the "1996 Equipment Project"; and

WHEREAS, the Board of Commissioners of Lackawanna County desires to capitalize the interest on the initial two (2) interest payments due on the Bonds; and

**WHEREAS**, The Board of Commissioners of Lackawanna County has determined to issue a series of general obligation bonds, to be sold at private sale, pursuant to the Act, to be designated as "General Obligation Bonds, Series of 1996", in the aggregate principal amount of \$11,040,000, to be dated as of September 15, 1996 (the "Series of 1996 Bonds"), with proceeds from the sale of the 1996 Bonds to be applied for and toward costs and expenses related to the 1996 Capital Improvement Project, the 1996 Equipment Project and the capitalization of interest; and

**WHEREAS**, The Board of County Commissioners of Lackawanna County has determined that the estimated useful life of the 1996 Capital Improvement Project is not less than thirty (30) years; and

**WHEREAS**, the Board of County Commissioners has determined that the estimated useful life of the 1996 Equipment Project is not less than ten (10) years; and

**WHEREAS**, the Board of County Commissioners of Lackawanna County desires to combine the 1996 Capital Improvement Project, the 1996 Equipment Project and for the capitalization of interest on the initial two (2) interest payments for purposes of financing in accordance with and as permitted by the Act, which combined project are hereinafter referred to as the "1996 Project"; and

**WHEREAS**, Wheat First Butcher Singer (the "Purchaser"), has submitted a proposal for purchase of the Series of 1996 Bonds; and

**WHEREAS**, The Board of County Commissioners of Lackawanna County desires to accept the proposal of the Purchaser, to award the Series of 1996 Bonds to the Purchaser and to incur debt, in the principal amount of \$11,040,000 pursuant to provisions of the Act.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED**, by the Board of County Commissioners of this County, as follows:

**Section 1. The 1996 Project.**

The County hereby combines the 1996 Capital Improvement Project, the 1996 Equipment Project and the capitalization of interest on the initial two (2) interest payments for the purposes of financing and undertakes as a project the 1996 Project.

The County hereby undertakes as a project the 1996 Project. The description of the 1996 Project contained in the recitals to this Ordinance is hereby incorporated into this Section by reference as if set out in its entirety.

**Section 2. Incurrence of Indebtedness.**

For the purpose of providing funds for and toward the payment of costs, as such term is used in the Act, of the 1996 Project, the incurring of nonelectoral debt by the County in the amount of \$11,040,000 is hereby authorized. Such debt shall be evidenced by an issue of general obligation bonds of the County in the aggregate principal amount of \$11,040,000 designated "County of Lackawanna, Pennsylvania, \$11,040,000 General Obligation Bonds, Series of 1996" (the "Bonds").

**Section 3. Approval of Private Sale By Negotiation.**

After considering the advantages and disadvantages of a public sale of the Bonds and of current market conditions, the Board of County Commissioners of Lackawanna County hereby determines that a private sale by negotiation is in the best financial interests of the County.

**Section 4. Acceptance of Proposal.**

The proposal presented to this meeting by the Purchaser is hereby accepted. The Bonds are hereby awarded and sold to the Purchaser at a negotiated sale at the price stated on Schedule A which is attached hereto and hereby incorporated herein by reference. The proper officers of the County are authorized and directed to execute and deliver an acceptance of the Proposal to the Purchaser. One counterpart of the Proposal shall be filed with the records of the County.

**Section 5. Maturity and Interest Rates.**

The Bonds shall bear interest and mature as set out on Schedule A attached hereto and herein incorporated.

**Section 6. Appointment of Paying Agent, Registrar and Sinking Fund Depository.**

NBO National Bank is hereby appointed Paying Agent ("Paying Agent") and Registrar ("Registrar") for the Bonds and Sinking Fund Depository ("Sinking Fund Depository") for the Series of 1996 Bonds Sinking Fund created hereby. The Chairman of the Board of County Commissioners of this County is hereby authorized and directed to contract with NBO National Bank, having its principal corporate trust office in Scranton, Pennsylvania, for its services as Sinking Fund Depository, Paying Agent and Registrar at such initial and annual charges as shall be appropriate and reasonable for such services. The County may, by resolution, from time to time appoint a successor Paying Agent, Sinking Fund Depository or Registrar to fill a vacancy or for any other reason.

**Section 7. Form of Bond, Interest Payment Dates and Record Dates.**

The Bonds shall be issued in fully registered form without coupons and shall be numbered in such manner as may be satisfactory to the County and the Paying Agent. Pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. Each Bond shall be dated as of September 15, 1996. The Bonds shall be issued in denominations of \$5,000 or any whole multiple thereof, and shall bear interest payable initially on April 1, 1997, and on each April 1 and October 1 (each, an "Interest Payment Date") thereafter, from the Interest Payment Date, as the case may be, next preceding the date of registration and authentication of such bond, unless such Bond is registered and authenticated as of an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or unless such Bond is registered and authenticated prior to April 1, 1997, in which event such Bond shall bear interest from September 15, 1996.

If the date for payment of the principal of, premium, if any, or interest on such Bond is not a business day, then the date of such payment shall be the next succeeding day which is a business day, and payment on such subsequent business day shall have the same force and effect as if made on the normal date of payment.

The term "Regular Record Date" with respect to any interest Payment Date shall mean the March 15th or September 15th immediately preceding such Interest Payment Date. The person in whose name any Bond is registered at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date, except if and to the extent that the County defaults in the payment of the interest due on such Interest Payment Date, in which case such defaulted interest shall be paid to the persons in whose names outstanding Bonds are registered at the close of business on a Special Record Date established by the Paying Agent, notice of which shall have been mailed to all registered owners of Bonds not less than ten days prior to such date.

**Section 8. Bond Register, Registrations and Transfer.**

The County shall cause to be kept at the principal corporate trust office of the Paying Agent a register (the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the County shall provide for the registration of Bonds and the registration of transfers and exchanges of Bonds. No transfer or exchange of any Bond shall be valid unless made at such office and registered in the Bond Register.

Upon surrender of any Bond at the principal corporate trust office of the Paying Agent for registration of transfer, the County shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of any authorized denomination, of the same interest rate and maturity, and in the same aggregate principal amount as the Bond so surrendered.

Any Bond shall be exchangeable for other Bonds of the same maturity and interest rate, in any authorized denomination, in an aggregate principal amount equal to the principal amount of the Bond or Bonds presented for exchange. Upon surrender of any Bond for exchange at the principal corporate trust office of the Paying Agent, the County shall execute and the Paying Agent shall authenticate and deliver in exchange therefor the Bond for Bonds which the Owner making the exchange shall be entitled to receive.

All Bonds issued upon any registration of transfer or exchange shall be valid obligations of the County, evidencing the same debt and entitled to the same benefits under this Ordinance as the Bonds surrendered for such registration of transfer or exchange.

Every Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer, in form and with guaranty of signature satisfactory to the County and the Registrar, duly executed by the registered owner thereof or his duly authorized agent or legal representative.

No service charge shall be made for any transfer or exchange of any Bond, but the County may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

The County shall not be required to: (a) issue, or register the transfer or exchange of, any Bond during a period of 15 business days before any Interest Payment Date or any date of selection of Bonds to be redeemed; or (b) register the transfer or exchange of any Bond after it has been selected for redemption, in whole or in part.

**Section 9. Execution and Authentication.**

The Bonds shall be executed on behalf of the County by manual or facsimile signatures of the Members of the Board of County Commissioners, and shall have a facsimile of the corporate seal of the County affixed thereto, duly attested by manual or facsimile signature of the County Administrator and countersigned by the manual or facsimile signature of the County Treasurer and said officers are hereby authorized and directed to execute the Bonds. The Bonds shall be authenticated by the manual execution of the Certificate of Authentication by a duly authorized officer of the Paying Agent. No Bond shall be valid until such Certificate of Authentication shall have been duly executed by the Paying Agent and such authentication shall be conclusive and the only proof that any Bond has been issued pursuant to this Ordinance and is entitled to any benefits conferred thereon under the provisions of this Ordinance. To the extent that any one signature on a Bond (including the signature of the officer of the Paying Agent) is manual, all other signatures may be by facsimile. The Chairman of the Board of County Commissioners of this County, the County Treasurer and the County Administrator or any one of such officers and/or any other duly appointed or authorized officers of the County, are hereby authorized and directed to deliver the Bonds to the Purchaser and receive payment therefor on behalf of the County after sale of the same in the manner required by law and this Ordinance.

**Section 10. Redemption of Bonds.**

(a) **Optional.** The Bonds maturing on and after October 1, 2002 are subject to redemption prior to maturity, in whole or in part, at the option of the County, on October 1, 2001, or on any date thereafter, in either case upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. In the event less than all Bonds of any particular maturity are to be redeemed, the Bonds to be redeemed shall be drawn by lot by the Paying Agent.

(b) **Method.** If a Bond is of a denomination larger than \$5,000, a portion of such bond may be redeemed. For the purpose of redemption, a Bond shall be treated as representing that number of bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

(c) **Notice.** Notice of any redemption of Bonds shall be given by depositing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of the Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption. Failure to give such notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

(d) **Payment.** On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under this Ordinance, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption, together with the redemption premium, if any.

**Section 11. General Obligation Covenant.**

The Bonds are hereby declared to be general obligations of the County. The County hereby covenants with the registered owners from time to time of the Bonds outstanding pursuant to this Ordinance that it will include the amount of the debt service as specified in this Section, subject to appropriate adjustment in the event of the optional redemption of any Bonds prior to maturity, on the Bonds for each fiscal year in which such sums are payable, in its budget for that year, will appropriate such amounts for such payments and will duly and punctually pay or cause to be paid the principal of the Bonds and the interest thereon on the dates, at the places and in the manner stated therein, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the County does hereby pledge its full faith, credit and taxing power. The amount of the debt service which the County hereby covenants to pay on the Bonds in each year is shown on Schedule B which is attached hereto and incorporated herein by reference as if set out here at length.

As provided in the Act, the foregoing covenants are specifically enforceable.

**Section 12. Sinking Fund.**

(a) **Deposit.** There is created, pursuant to Section 1001 of the Act, a sinking fund for the Bonds, to be known as "Sinking Fund - General Obligation Bonds, Series of 1996" (the "Series of 1996 Bonds Sinking Fund"), which sinking funds shall be administered in accordance with applicable provisions of the Act and into which funds shall be deposited for prompt and full payment of all obligations of the Bonds when due.

There is created within the Series of 1996 Bonds Sinking Fund, a Debt Service Account - Series of 1996 Bonds, into which funds shall be deposited for prompt and full payment of all obligations of the Series of 1996 Bonds, as follows:

The County will deposit in the Sinking Fund, not later than the date when interest and/or principal is due on the Bonds a sufficient sum so that on each principal and interest payment date the Sinking Fund will contain, together with any other available funds therein, sufficient money to pay in full, interest and principal then due on the Bonds.

(b) **Application of Funds.** All sums in the Series of 1996 Bonds Sinking Fund shall be applied exclusively to the payment of principal and interest covenanted under Section 11 hereof to be paid as the same from time to time become due and payable and the balance of said moneys over and above the sum so required shall remain in the Series of 1996 Bonds Sinking Fund, to be applied to the reduction of future required deposits; subject, however, to investment or deposit at interest as authorized by law and as permitted by Section 22 hereof. The Series of 1996 Bonds Sinking Fund shall be kept as a separate account at the principal corporate trust office of the Sinking Fund Depository. The Sinking Fund Depository, without further authorization other than as herein contained, shall pay from the moneys in the Series of 1996 Bonds Sinking Fund, the interest on the Bonds as and when due to the registered owners on the appropriate Record Date and principal of the Bonds, upon presentation and surrender and as and when the same shall become due, to the registered owners thereof.

**Section 13. Disposition of Proceeds.**

All moneys derived from the sale of the Bonds shall be deposited in the Clearing Account created pursuant to Section 20 hereof and shall be and hereby are appropriated substantially to payment of the cost of the 1996 Project, including but not limited to payment of the costs and expenses of preparing, issuing and marketing the Bonds, and the payment of interest on the Bonds from September 15, 1996 and shall not be used for any other purposes, except as to any insubstantial amounts of money which may remain after fulfilling the purposes set forth herein, which minor amounts of remaining moneys shall promptly upon their determination be deposited in the Series of 1996 Bonds Sinking Fund and used for the payment of interest on the Bonds.

**Section 14. Cost and Realistic Useful Life.**

Reasonable cost estimates have been obtained for the 1996 Capital Improvement Project with the assistance of financial advisors and other persons qualified by experience. The cost of the 1996 Capital Improvement Project is at least \$10,000,000. The estimated useful life of the 1996 Capital Improvement Project is hereby determined to be not less than thirty (30) years. Reasonable cost estimates have been obtained for the 1996 Equipment Project with the assistance of financial advisors and other persons qualified by experience. The cost of the 1996 Equipment Project is at least \$567,500.00. The estimated useful life of the 1996 Equipment Project is hereby determined to be not less than ten (10) years. Therefore, the maturities of the Bonds are in accordance with Section 602(a)(2) of the Act. In addition, in accordance with Section 602(b)(2) of the Act, the maturities of the Bonds have been fixed so that the principal of the Bonds will be amortized, together with other outstanding debt, on at least an approximately level annual debt service plan.

**Section 15. Internal Revenue Code Covenants.**

(a) **General.** The County hereby covenants with the registered owners, from time to time, of the Bonds that no part of the proceeds of the Bonds will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Regulations thereunder proposed or in effect at the time of such use and applicable to the Bonds, and that it will comply with the requirements of that section and the Regulations throughout the term of the Bonds.

(b) **Rebate.** If the gross proceeds of the Bonds are invested at a yield greater than the yield on the Bonds and are not expended within six months from the date of issuance, Lackawanna County covenants that it will rebate to the U.S. Treasury, at the times and in the manner required by the Code, all investment income derived from investing the proceeds of the Bonds in an amount which exceeds the amount which would have been derived from the investment of the proceeds of the Bonds at a yield not in excess of the yield on the Bonds.

(c) **Filing.** The County will file IRS Form 8038-G and any other forms or information required by the Code to be filed in order to permit the interest on the Bonds to be excluded from gross income for federal income tax purposes.

**Section 16. Advertising.**

The action of the officers of the County in advertising a summary of this Ordinance, as required by law, is ratified and confirmed. The officers of the County or any of them, are authorized and directed to advertise a notice of adoption of this Ordinance in a newspaper of general circulation in the County within 15 days after final enactment. The Secretary is hereby directed to make a copy of this Ordinance available for inspection by any citizen during normal office hours.

**Section 17. Filing With Department of Community Affairs.**

The County Administrator is hereby authorized and directed to prepare, verify and file with the Department of Community Affairs, in accordance with the Act, a transcript of the proceedings relating to the issuance of the Bonds including the Debt Statement and Borrowing Base Certificate required by Section 410 of the Act, and to take other necessary action, and to prepare and file all necessary documents with the Department of Community Affairs including, if necessary or desirable, any statements required to exclude any portion of the debt evidenced by the Bonds from the appropriate debt limit as self-liquidating or subsidized debt.

**Section 18. General Authorization.**

The officers and officials of the County are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution, issuance, sale and delivery of the Bonds, all in accordance with this Ordinance.

**Section 19. Official Statements.**

The Preliminary Official Statement prepared with respect to the Bonds is hereby approved. The Board of County Commissioners of this County or its designees, are hereby authorized to execute and approve a final Official Statement relating to the Bonds provided that the final Official Statement shall have been approved by the County's Solicitor. The distribution of the Preliminary Official Statement is hereby ratified and the Purchasers hereby are authorized to use the Preliminary and the final Official Statements in connection with the sale of the Bonds. The Board of County Commissioners of this County deems the Preliminary Official Statement to be nearly final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information which has been omitted in accordance with such rule and which will be supplied with the final Official Statement.

**Section 20. Clearing Account and Transfers to 1996 Project Account.**

(a) The County hereby creates with the Paying Agent a special fund to be known as the County of Lackawanna 1996 Clearing Account (the "Clearing Account") which shall be held as a trust fund for the benefit of the County until disbursed in accordance with the provisions hereof. The County shall deliver the net proceeds (including accrued interest, if any) derived from the sale of the Bonds to the Paying Agent for deposit to the Clearing Account. Upon written directions from the County signed by the County Administrator, the Paying Agent shall pay, out of the Clearing Account, the costs and expenses of the issuance of the Bonds, shall transfer the amount of accrued interest, if any, to the Series of 1996 Bonds Sinking Fund and shall transfer to the Series of 1996 Bonds Sinking Fund the capitalized interest in the amount of \$465,968.19 and shall transfer the balance remaining in the Clearing Account to the 1996 Project Account described in (b) below. The written direction from the County shall state the names of the respective payees, the purpose for which the expenditure has been applicable, and shall contain a certification that each item of expense for which payment has been requested has been properly incurred and is then unpaid, and that each transfer which is requested is in accordance with the provisions of this Ordinance.

(b) There is created a special account to be known as the County of Lackawanna Project Account - General Obligation Bonds, Series of 1996 (the "1996 Project Account") to be held in trust by the Paying Agent for the benefit of the County, subject, however, to the clearance or collection, of moneys, checks, drafts, notes, bills of exchange, acceptances, or other orders for the payment of moneys which may at any time come into possession of the Paying Agent, with or without endorsement thereof by the County, payment thereof to the Paying Agent being hereby guaranteed. The 1996 Project Account shall be constituted of the proceeds from the sale of the Bonds transferred from the Clearing Account, all moneys earned from the investment of funds therein and any other moneys which the County shall desire to deposit therein. The 1996 Project Account shall be expanded first for the payment of all necessary and proper costs of the 1996 Project, and then for any other lawful purposes. All moneys in the 1996 Project Account may be invested as provided in Section 22 upon the written instruction (or telephonic instructions, if followed by written instructions within twenty-four hours) of the County Administrator of this County, or another duly appointed agent of the County, without further authorization by the Board of County Commissioners of this County.

The Paying Agent is authorized and directed to honor and pay, and to charge to the 1996 Project Account, all checks, drafts, bills of exchange, acceptances, notes or orders for the payment of money when drawn on or addressed to the Paying Agent and signed on behalf of this County by the County Administrator, whether the same be payable to the order of, or in favor of any of the officers or persons signing them, or to any of said officers in their individual capacity, or otherwise; and whether the same be deposited to the individual credit of the officer or person signing or to the individual credit or any officer or person or otherwise. The County Administrator is authorized and directed to deliver a certified copy of this Ordinance to the Paying Agent, and the Paying Agent shall be entitled to rely on such certified copy until written notice of revocation shall have been received by it. The signatures of any or all of the foregoing officers may be manual or by facsimile.

**Section 21. Payment of Expenses.**

All expenses incurred in connection with issuance of the Bonds shall be paid out of the proceeds derived from the issuance of the Bonds and deposited in the Clearing Account and the proper officers and officials are authorized to sign and deliver requests for payment of such expenses.

**Section 22. Investment.**

Any moneys in the Series of 1996 Bond Sinking Fund not required for prompt expenditure may, at the direction of the County, be invested in bonds or obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America or may be deposited at interest in time accounts or certificates of deposit or other interest bearing accounts of any bank or bank and trust company, savings and loan association or building and loan association. To the extent that such deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds in accordance with the Act. Any such investments or deposits shall mature or be subject to redemption at the option of the holder, or be subject to withdrawal at the option of the depositor, not later than the date upon which such moneys are required to be paid to the registered owners of the Bonds.

**Section 23. Purchase of Insurance.**

The County hereby agrees to purchase and hereby accepts the commitment of AMBAC Indemnity Corporation (the "Bond Insurer") to issue a Municipal Bond Insurance Policy insuring the Bonds and directs that the appropriate premium be promptly paid at the settlement of the sale of the Bonds. A legend indicating the existence of such a policy shall be printed on the Bonds in the form required by the Bond Insurer. In order to have accrued interest, if any, paid by the Purchaser excluded from the calculation of the premium, the County agrees to cause any amount paid as accrued interest to be invested, to the extent required by the Bond Insurer, in direct obligations of the United States of America and maintained in the Series of 1996 Bonds Sinking Fund until applied to the first interest payment on the Bonds. All terms and conditions required to be contained in this Ordinance by the terms of the commitment are incorporated herein by reference with the same effect as if set out at length.

**Definitions**

"AMBAC Indemnity" shall mean AMBAC Indemnity Corporation, a Wisconsin domiciled stock insurance company.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment when due of the principal of and interest on the Bonds as provided therein.

**AMBAC Consent Language**

**Consent of AMBAC Indemnity.**

Any provisions of this Ordinance expressly recognizing or granting rights in or to AMBAC Indemnity may not be amended in any manner which affects the rights of AMBAC Indemnity hereunder without the prior written consent of AMBAC Indemnity.

**Consent of AMBAC Indemnity in Addition in Bondholder Consent.**

Unless otherwise provided in this Section, AMBAC Indemnity's consent shall be required in addition to Bondholder consent, when required, for the following purposes (i) execution and delivery of any supplemental Ordinance; (ii) removal of the Paying Agent and selection and appointment of any successor paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

**Consent of AMBAC Indemnity in the Event of Insolvency.**

Any reorganization or liquidation plan with respect to the County of Lackawanna must be acceptable to AMBAC Indemnity. In the event of any reorganization or liquidation, AMBAC Indemnity shall have the right to vote on behalf of all bondholders who hold AMBAC Indemnity-insured bonds absent a default by AMBAC Indemnity under the applicable Municipal Bond Insurance Policy insuring such Bonds.

**Consent of AMBAC Indemnity Upon Default.**

Anything in this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, AMBAC Indemnity shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders for the benefit of the Bondholders under this Ordinance.

**Information To Be Given To AMBAC**

While the Municipal Bond Insurance Policy is in effect, the County of Lackawanna shall furnish to AMBAC Indemnity (to the attention of the Surveillance Department, unless otherwise indicated):

- (a) as soon as practicable after the filing thereof, a copy of any financial statement of the County of Lackawanna and a copy of any audit and annual report of the County of Lackawanna at no cost to AMBAC;
- (b) a copy of any notice to be given to the registered owners of the Bonds including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Ordinance relating to the security for the Bonds, at no cost to AMBAC; and
- (c) such additional information it may reasonably request.

The County of Lackawanna shall notify AMBAC Indemnity of any failure of the County of Lackawanna to provide relevant notices, certificates, etc.

The County of Lackawanna will permit AMBAC Indemnity to discuss the affairs, finances and accounts of the County of Lackawanna or any information AMBAC Indemnity may reasonably request regarding the security for the Bonds with appropriate officers of the County of Lackawanna. The County of Lackawanna will permit AMBAC Indemnity to have access to the Project and have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

AMBAC Indemnity shall have the right to direct an accounting at the County of Lackawanna's expense, and the County of Lackawanna's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from AMBAC Indemnity shall be deemed a default hereunder, provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Bonds.

Notwithstanding any other provision of this Ordinance, the County of Lackawanna shall immediately notify AMBAC Indemnity if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event or default hereunder.

To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Bonds, AMBAC Indemnity shall be included as party to be notified.

**Payment Procedure Pursuant To The Municipal Bond Insurance Policy**

As long as the bond insurance shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

- (a) At least one (1) day prior to all Interest Payment dates, the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Paying Agent determines that there will be insufficient funds in such Funds or Accounts, the Paying Agent shall so notify AMBAC Indemnity. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified AMBAC Indemnity at least one (1) day prior to an Interest Payment Date, AMBAC Indemnity will make payments of principal or interest due on the Bonds on or

before the first (1st) day next following the date on which AMBAC Indemnity shall have received notice of nonpayment from the Paying Agent.

(b) the Paying Agent shall, after giving notice to AMBAC Indemnity as provided in (a) above, make available to AMBAC Indemnity and, at AMBAC Indemnity's direction, to the United States Trust Company of New York as insurance trustee for AMBAC Indemnity or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Paying Agent and all records relating to the Funds and Accounts maintained under this Ordinance.

(c) the Paying Agent shall provide AMBAC Indemnity and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from AMBAC Indemnity and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of the Bonds entitled to receive full or partial principal payments from AMBAC Indemnity.

(d) the Paying Agent shall, at the time it provides notice to AMBAC Indemnity pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment (iii) that should they be entitled to receive full payment of principal from AMBAC Indemnity, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and to the Paying Agent and (iv) that should they be entitled to receive partial payment of principal from AMBAC Indemnity, they must surrender their Bonds for payment thereon first to the Paying Agent, who shall note on such Bonds the portion of the principal paid by the Paying Agent, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent, shall, at the time AMBAC Indemnity is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent, if any, shall furnish to AMBAC Indemnity its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) in addition to those rights granted AMBAC Indemnity under this Ordinance, AMBAC Indemnity shall, to the extent it makes payment of principal or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note AMBAC Indemnity's rights as subrogee on the registration books of the Issuer maintained by the Paying Agent, upon receipt from AMBAC Indemnity of proof of the payment of interest thereon to the registered owners of the Bonds and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note AMBAC Indemnity's rights as subrogee on the registration books of the Issuer maintained by the Paying Agent, if any, upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

#### Interested Parties

#### AMBAC As Third Party Beneficiary.

To the extent that this Ordinance confers upon or gives or grants to AMBAC any right, remedy or claim under or by reason of this Ordinance, AMBAC is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

#### Section 24. Continuing Disclosure.

The County hereby agrees to provide certain continuing disclosure for the benefit of the holders of the Bonds. The County hereby agrees to file:

(a) with each nationally recognized municipal securities information repository ("NRMSIR"), recognized by the Securities and Exchange Commission (the "SEC") pursuant to SEC Rule 15c2-12 (the "Rule") and the state information depository, if any, of the Commonwealth of Pennsylvania ("SID"), recognized by the SEC pursuant to the Rule, within 180 days after the end of each fiscal year, a copy of its audited financial statements, prepared in accordance with the guidelines adopted by the Government Accounting Standards Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, and an annual updating of the information contained in the Official Statement under the heading "COUNTY FINANCES - Tax Structure", -- "Trend in Assessed Valuation" and - "Realty Tax Collection."



(b) in a timely manner, with each NRMSIR and the SID, notice of the occurrence of any of the following events (if material) with respect to the Bonds: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on any credit enhancements reflecting financial difficulties; (iv) substitution of any credit or liquidity provider, or their failure to perform; (v) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vi) modifications to rights of holders of the bonds; (vii) bond calls; (viii) defeasance; (ix) release, substitutions or sale of property securing repayment of the Bonds; and (x) rating changes.

(c) in a timely manner to the Paying Agent, each NRMSIR and to the SID, notice of a failure by the County to provide a required annual financial information within the time limit specified above.

The County may modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary as a result of a change in legal requirements or change in the nature of the County; provided that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Paying Agent (who may rely on an opinion of counsel) substantially impair the interest of the holders of the Bonds. The County acknowledges that its undertaking pursuant to the Rule described herein and in the Official Statement under the heading "CONTINUING DISCLOSURE" is intended to be for the benefit of the holders of the Bonds. Breach of the undertaking will not be a default under this Ordinance but the undertaking may be enforced by any bondholder exclusively by mandamus action.

**Section 25. Bond Form.**

The form of the bonds shall be substantially as indicated on Schedule C.

**Section 26. Appointment of Bond Counsel.**

The County hereby appoints the law firm of Haggerty, McDonnell & O'Brien as Bond Counsel for the 1996 Bonds.

**Section 27. Debt Limitation.**

It is declared that the debt to be incurred hereby is within the limitation imposed by the Act upon the incurring of such debt by this County.

**Section 28. Severability.**

In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this County that such remainder shall be and shall remain in full force and effect.

**Section 29. Repealer.**

Any ordinances or parts thereof not in accordance with this Ordinance are hereby repealed insofar as they conflict with this Ordinance.

SCHEDULE A & B

Wheat First Butcher Singer

Schedule 9

County of Lackawanna  
 General Obligation Bonds, Series of 1996  
 Debt Service Summary: Modified Wrap-Around

20-Aug-99

Date	Principal	Coupon	Price	Yield	Proceeds	Interest	LESS:	LESS:	Total	FY	Annual	Existing	Total
							Accrued	Capitalized	Debt	Ended	Debt	Debt	Debt
01-Apr-97						288,909	(13,266)	(238,143)	37,500				
01-Oct-97	0	0.00%	100.000%	0.00%	0	265,325		(227,825)	37,500	1997	75,000	3,698,878	3,773,878
01-Apr-98						265,325			265,325				
01-Oct-98	2,000,000	4.00%	100.000%	4.00%	2,000,000	265,325			2,265,325	1998	2,530,650	3,361,560	6,092,210
01-Apr-99						225,325			225,325				
01-Oct-99	2,500,000	4.20%	100.000%	4.20%	2,500,000	225,325			2,725,325	1999	2,950,650	3,417,005	6,367,655
01-Apr-2000						172,825			172,825				
01-Oct-2000	10,000	4.30%	100.000%	4.30%	10,000	172,825			182,825	2000	355,650	3,420,970	3,776,620
01-Apr-2001						172,610			172,610				
01-Oct-2001	5,000	4.45%	100.000%	4.45%	5,000	172,610			177,610	2001	350,220	3,427,434	3,777,654
01-Apr-2002						172,499			172,499				
01-Oct-2002	20,000	4.60%	100.000%	4.60%	20,000	172,499			192,499	2002	364,998	3,411,778	3,776,773
01-Apr-2003						172,039			172,039				
01-Oct-2003	100,000	4.70%	100.000%	4.70%	100,000	172,039			272,039	2003	444,078	3,329,253	3,773,330
01-Apr-2004						169,689			169,689				
01-Oct-2004	110,000	4.75%	99.669%	4.80%	109,636	169,689			279,689	2004	449,378	3,327,675	3,777,053
01-Apr-2005						167,076			167,076				
01-Oct-2005	115,000	4.90%	99.638%	4.95%	114,584	167,076			282,076	2005	449,153	3,328,343	3,777,495
01-Apr-2006						164,259			164,259				
01-Oct-2006	475,000	5.00%	99.609%	5.05%	473,143	164,259			639,259	2006	803,518	2,974,565	3,778,083
01-Apr-2007						152,384			152,384				
01-Oct-2007	510,000	5.10%	99.582%	5.15%	507,868	152,384			662,384	2007	814,768	2,961,010	3,775,778
01-Apr-2008						139,379			139,379				
01-Oct-2008	535,000	5.20%	99.557%	5.25%	532,630	139,379			674,379	2008	813,758	2,960,099	3,773,856
01-Apr-2009						125,469			125,469				
01-Oct-2009	555,000	5.30%	99.534%	5.35%	552,414	125,469			680,469	2009	805,938	2,969,878	3,775,813
01-Apr-2010						110,761			110,761				
01-Oct-2010	1,440,000	5.35%	99.027%	5.45%	1,425,988	110,761			1,550,761	2010	1,661,523	2,115,923	3,777,445
01-Apr-2011						72,241			72,241				
01-Oct-2011	1,520,000	5.40%	98.985%	5.50%	1,504,572	72,241			1,592,241	2011	1,664,483	2,109,543	3,774,028
01-Apr-2012						31,201			31,201				
01-Oct-2012	1,145,000	5.45%	98.946%	5.55%	1,132,932	31,201			1,176,201	2012	1,207,403	606,820	1,814,223
01-Apr-2013						0			0				
01-Oct-2013	0	0.00%	100.000%	0.00%	0	0			0	2013	0	396,325	396,325
01-Apr-2014						0			0				
01-Oct-2014	0	0.00%	100.000%	0.00%	0	0			0	2014	0	391,090	391,090
01-Apr-2015						0			0				
01-Oct-2015	0	0.00%	100.000%	0.00%	0	0			0	2015	0	0	0
01-Apr-2016						0			0				
01-Oct-2016	0	0.00%	100.000%	0.00%	0	0			0	2016	0	0	0
<b>Total</b>	<b>11,040,000</b>				<b>10,988,767</b>	<b>5,180,397</b>	<b>(13,266)</b>	<b>(465,968)</b>	<b>15,741,163</b>		<b>15,741,163</b>	<b>48,408,145</b>	<b>64,149,308</b>

SCHEDULE C

FORM OF 1996 BOND

UNITED STATES OF AMERICA  
 COMMONWEALTH OF PENNSYLVANIA

COUNTY OF LACKAWANNA  
 LACKAWANNA COUNTY, PENNSYLVANIA

GENERAL OBLIGATION BOND, SERIES OF 1996

NO.

\$

Interest Rate

Maturity Date

Date of Issue

CUSIP

Registered Owner

Principal Amount

Dollars

The County of Lackawanna, Commonwealth of Pennsylvania (the "County"), for value received, and intending to be legally bound, promises to pay to the Registered Owner named above (the "Registered Owner") the principal amount of \_\_\_\_\_ Dollars on the maturity date stated above upon presentation and surrender of this Bond at the principal corporate trust office of the NBO National Bank (the "Paying Agent") in Scranton, Pennsylvania, and to pay interest thereon at the rate stated above from the most recent April 1 or October 1 to which interest has been paid or provided for (or from September 15, 1996 if the date of registration and authentication of this Bond is prior to April 1, 1997) initially on April 1, 1997 and thereafter semiannually on each April 1 and October 1 each, an "Interest Payment Date") until payment of said principal sum has been made or provided for.

The principal of, premium, if any, and interest on this Bond are payable in such coin or currency of the United States of America as at the time and place of payment is legal tender for payment of public and private debts, at the principal corporate trust office of the Paying Agent; provided that, interest will be paid by check drawn upon the Paying Agent and mailed to the person who is the Registered Owner on the appropriate record date at his address as it appears on the Bond Register described below, unless written demand is made by such person for payment in legal tender at such office.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HERE.

This Bond shall not be valid or become obligatory for any purpose unless the certificate of authentication hereon shall have been signed by the manual signature of an officer of the Paying Agent.

**(REVERSE SIDE OF BOND)**

This Bond is one of a duly authorized issue of \$11,040,000 aggregate principal amount, General Obligation Bonds, Series of 1996 (the "Bonds") of the County which have been issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended (the "Act"), without the assent of the electors, pursuant to an ordinance (the "Ordinance") of the Board of County Commissioners adopted on August 20, 1996. The Bonds have been issued for the purpose of obtaining funds to pay the cost of certain capital projects, and to pay the costs of issuance of the Bonds.

Interest payable on any Interest Payment Date will be paid to the person in whose name this Bond is registered (the "Record Owner") at the close of business on March 15 or September 15 (the "Regular Record Date") immediately preceding the relevant Interest Payment Date. Any such interest which is not deposited with the Paying Agent on or before any such Interest Payment Date for payment to the Record Owner on the Regular Record Date shall forthwith cease to be payable to the Record Owner on the Regular Record Date, and shall be paid to the person in whose name this Bond is registered on a special record date for the payment of such defaulted interest to be fixed by the Paying Agent, notice of which shall be given to all Registered Owners not less than 10 days prior to such special record date.

If the date for payment of the principal of, premium, if any, or interest on this Bond is not a business day, then the date of such payment shall be the next succeeding day which is a business day, and payment on such subsequent business day shall have the same force and effect as if made on the normal date of payment.

The Bonds maturing on and after October 1, 2002, are subject to redemption at the option of the County prior to maturity, in whole or in part, at any time on or after October 1, 2001, in any order of maturity and within a maturity by lot, from amounts deposited in the Sinking Fund at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

If a Bond is of a denomination larger than \$5,000, a portion of such bond may be redeemed. For the purpose of redemption, a Bond shall be treated as representing that number of bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Notice of any redemption of Bonds shall be given by depositing a copy of the redemption notice by first class mail and not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption. Failure to give such notice of redemption or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which property notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue on such Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Ordinance, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption, together with redemption premium, if any.

The County, pursuant to recommendations made by the Committee on Uniform Security Identification Procedures, has caused CUSIP numbers to be printed on the Bonds, and has directed the Paying Agent to use such numbers in notices, if any, as a convenience to the Registered Owners of the Bonds. No representation is made by the County as to the accuracy of such number either as printed on the Bonds or as contained in any notice and reliance may be placed only on the identification number printed hereon.

The Bond may be transferred or exchanged only on the Bond Register (the "Bond Register") maintained by the County at the principal corporate trust office of the Paying Agent upon surrender hereof by the Registered Owner at such office duly endorsed by, or accompanied by a written instrument of transfer duly executed by, the Registered Owner or his duly authorized agent or legal representative, in each case, in form and with a guaranty of signature satisfactory to the County and the Paying Agent.

No service charge shall be made for any transfer or exchange of any Bond, but the County may require payment of any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

The County shall not be required to: (a) issue, or register the transfer or exchange of any Bond during a period of 15 business days before any Interest Payment Date or any date of selection of Bonds to be redeemed; or (b) register the transfer or exchange of any Bond after it has been selected for redemption, in whole or in part.

Subject to the provisions of this Bond and of the Ordinance relating to payment of interest, the County and the Paying Agent may treat the Registered Owners of this Bond as the absolute owner hereof, for all purposes, whether or not this Bond shall be overdue, and neither the County nor the Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of and interest on this Bond, or for any claim based hereon or on the Ordinance against any member, officer or employee, past, present or future, of the County or of any successor body, as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community Affairs of the Commonwealth of Pennsylvania for the County to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed, precedent to or in the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the County is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania and applicable to the County; and that the County has established with the Paying Agent as Sinking Fund Depository a sinking fund for the Bonds and has agreed to deposit therein amounts sufficient to pay the principal of an interest on the Bonds as the same shall become due and payable.

This Bond is hereby declared to be a general obligation of the County. The County, in the Ordinance authorizing the issuance of the Bonds, has covenanted with the Registered Owners, from time to time, of the Bonds that the County will include the amount of the debt service charges on the Bonds for each fiscal year in which such sums are payable, in its budget for that year, that it will appropriate such amounts to the payment of such debt service, and will duly and punctually pay or cause to be paid the principal of every Bond, and the interest thereon, on the dates and at the places and in the manner stated in the Bonds, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the County has pledged its full faith, credit and taxing power. This covenant is specifically enforceable.

COUNTY OF LACKAWANNA

  
JOSEPH J. CORCORAN

  
RAY A. ALBERIGI

  
JOHN SENIO

ATTEST:

  
GERALD L. STANVITCH,  
ADMINISTRATIVE DIRECTOR

Approved as to form and legality:

  
JOSEPH A. O'BRIEN, ESQUIRE  
COUNTY SOLICITOR