

ORDINANCE #109

FIRST READING - July 8, 1997
 SECOND READING - August 28, 1997

TO AUTHORIZE AND DIRECT THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES A OF 1997 (THE "BONDS") OF THE COUNTY IN THE PRINCIPAL AMOUNT OF THIRTY-FOUR MILLION FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$34,485,000) FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE CONSTRUCTION AND EQUIPPING OF ALTERATIONS AND ADDITIONS TO THE LACKAWANNA COUNTY PRISON AND TO PAY THE COST OF ISSUING AND INSURING THE BONDS, OR ANY OR ALL OF THE SAME; STATING THAT REALISTIC COST ESTIMATES HAVE BEEN MADE FOR THE PROJECT AND AUTHORIZING THE PAYMENT OF OTHER CAPITAL PROJECTS UPON APPROPRIATE AMENDMENT HERETO; STATING THE REALISTIC ESTIMATED USEFUL LIFE OF THE PROJECT FOR WHICH SAID BONDS ARE ISSUED; DIRECTING THE PROPER OFFICERS OF THE GOVERNING BODY TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND BORROWING BASE CERTIFICATE; COVENANTING THAT THE LOCAL GOVERNMENT UNIT SHALL INCLUDE THE AMOUNT OF ANNUAL DEBT SERVICE IN ITS BUDGET FOR EACH FISCAL YEAR; PROVIDING FOR FULLY REGISTERED BONDS, DATE OF THE BONDS, INTEREST PAYMENT DATES, PROVISIONS FOR REDEMPTION AND STATED PRINCIPAL MATURITY AMOUNTS AND FIXING THE RATES OF INTEREST ON SUCH BONDS; AUTHORIZING THE PROPER OFFICERS OF THE LOCAL GOVERNMENT UNIT TO CONTRACT WITH A BANK OR BANK AND TRUST COMPANY FOR ITS SERVICES AS SINKING FUND DEPOSITORY, PAYING AGENT AND REGISTRAR AND STATING A COVENANT AS TO PAYMENT OF PRINCIPAL AND INTEREST WITHOUT DEDUCTION FOR CERTAIN TAXES; PROVIDING FOR THE REGISTRATION, TRANSFER AND EXCHANGE OF BONDS; PROVIDING FOR FACSIMILE SIGNATURES AND SEAL AND AUTHENTICATION; APPROVING THE FORM OF THE BONDS, PAYING AGENT'S AUTHENTICATION CERTIFICATE AND ASSIGNMENT AND PROVIDING FOR CUSIP NUMBERS TO BE PRINTED ON THE BONDS; PROVIDING FOR TEMPORARY BONDS; AWARDING SUCH BONDS AT PRIVATE SALE AND STATING THAT SUCH PRIVATE SALE IS IN THE BEST FINANCIAL INTEREST OF THE LOCAL GOVERNMENT UNIT; CREATING A SINKING FUND AND APPROPRIATING ANNUAL AMOUNTS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE LOCAL GOVERNMENT UNIT TO CERTIFY AND TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT CERTIFIED COPEs OF THE NECESSARY PROCEEDINGS; COVENANTING THAT THE PROCEEDS OF THE BONDS SHALL NOT BE USED IN SUCH A MANNER AS TO CAUSE THE BONDS TO BE ARBITRAGE BONDS UNDER FEDERAL TAX LAW PROVISIONS; APPROVING THE CONTENT AND FORM OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE DISTRIBUTION THEREOF AND AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT AND THE UNDERTAKING OF CERTAIN CONTINUING DISCLOSURE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE LOCAL GOVERNMENT UNIT TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE LOCAL GOVERNMENT UNIT TO PAY ISSUANCE COSTS; AND REPEALING ALL INCONSISTENT ORDINANCES.

The Board of County Commissioners (the "Governing Body") of the County of Lackawanna, Pennsylvania (the "Local Government Unit"), pursuant to the Pennsylvania Local Government Unit Debt Act, as codified by the Act of December 19, 1996, (P.L. 1158, No. 177) (the "Act") hereby ORDAINS AND ENACTS as follows:

Section 1. Incurrence of Debt; Amount and Purpose of Bonds; Realistic Cost Estimates; Other Capital Projects Upon Amendment. The Governing Body of the Local Government Unit hereby authorizes and directs the incurring of non-electoral debt through the issuance of General Obligation Bonds, Series A of 1997 (the "Bonds") of the Local Government Unit in the maximum principal amount of Thirty-Four Million Four Hundred Eighty-Five Thousand Dollars (\$34,485,000) to provide funds to finance a portion of the costs of the construction and equipping of alterations and additions to the Lackawanna County Prison, to capitalize certain interest on the Bonds, and to pay the costs of issuing and insuring the Bonds, or any or all of the same (the "Project").

Realistic cost estimates have been obtained by the Local Government Unit for the Project through estimates made by qualified persons, as required by Section 8006 of the Act.

The Local Government Unit hereby reserves the right to undertake components of the Project in such order and at such time or times as it shall determine and to allocate the proceeds of the Bonds and other available moneys to the final costs of the Project in such amounts and order of priority as it shall determine; but the proceeds of the Bonds shall be used solely to pay the "costs", as defined in the Act, of the Project described herein or, upon appropriate amendment hereto, to pay the costs of other capital projects for which the Local Government Unit is authorized to incur indebtedness.

Section 2. Realistic Estimated Useful Life. The realistic estimated useful life of the Project is estimated to be in excess of 40 years and the Bonds to be issued therefor do not extend beyond the useful life thereof.

Section 3. Debt Statement and Borrowing Base Certificate. The Chairman or Vice Chairman of the Governing Body, the County Treasurer and the Acting Administrative Director of the Local Government Unit, or any one of them, and/or any other duly authorized or appointed officer of the Local Government Unit, are hereby authorized and directed to prepare and certify a debt statement required by Section 8110 of the Act and a Borrowing Base Certificate.

Section 4. Covenant to Pay Bonds. It is covenanted with the registered owners from time to time of the Bonds that the Local Government Unit shall (i) include the amount of the debt service for the Bonds for each fiscal year in which the sums are payable in its budget for that year, (ii) appropriate those amounts from its general revenues for the payment of the debt service, and (iii) duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds the principal of, and the interest on, the Bonds at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Local Government Unit pledges its full faith, credit and taxing power. As provided by the Act, this covenant shall be specifically enforceable.

Section 5. Description of Bonds; Maturity Schedule; Redemption of Bonds; Notices of Redemption.

A. The Bonds shall be in fully registered form without coupons, shall be numbered, shall be in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof, shall be dated as of September 15, 1997, (the "Series Issuance Date") and shall bear interest from the dates, which interest is payable at the rates provided herein, until maturity or prior redemption, all as set forth in the form of Bond attached hereto as Exhibit A and made a part hereof.

B. Book-Entry 1997 Bonds: Notwithstanding the provisions of this Section 5, so long as the Bonds are in book-entry form, the following provisions will apply:

For purposes of this subparagraph B, the following defined terms shall mean:

"Representation Letter" shall mean the Blanket Letter of Representations of the Local Government Unit on file with the Securities Depository.

"Securities Depository" or "DTC" shall mean The Depository Trust Company, New York, New York, the securities depository for the Bonds, and any successor thereto.

1. **Form of Bonds.** The Bonds, upon original issuance, will be issued in the form of a single, fully registered bond for each maturity, in denominations equal to the principal amount of Bonds maturing on each such date, and will be delivered to the Securities Depository or its nominee, CEDE & Co. Each such Bond will be registered on the registration books kept by the Paying Agent, as registrar and transfer agent, in the name of the Securities Depository or, at the Securities Depository's option, in the name of CEDE & Co., the Securities Depository's nominee, and no beneficial owners thereof will receive certificates representing their respective interests in such Bonds, except in the event the Paying Agent issues replacement bonds as provided herein.

2. **Payments.** All payments of principal or redemption price of, and interest on, the Bonds shall be paid to the Securities Depository or its nominee in accordance with the Representation Letter. Such payments shall be received by the Securities Depository or its nominee on each interest and principal or redemption payment date in "same-day funds". All payments made by the Paying Agent to the Securities Depository or its nominee shall fully satisfy the Local Government Unit's obligations to pay principal and interest, and any applicable redemption premium, on the Bonds to the extent of such payments, and no beneficial owner of any Bond registered in the name of the Securities Depository or its nominee shall have any recourse against the Local Government Unit or the Paying Agent hereunder for any failure by the Securities Depository or its nominee to remit such payments to the beneficial owners of such Bonds. The execution and delivery by the Local Government Unit of the Representation Letter shall not in any way create, expand or limit any undertaking or arrangement contemplated or provided for herein in respect of the Securities Depository or the book-entry registration, payment and notification system or in any other way impose upon the Local Government Unit or the Paying Agent any obligation whatsoever with respect to beneficial owners having interests in the Bonds, any such obligation extending solely to the bondholders, as shown on the registration books kept by the Paying Agent. The Paying Agent shall take all action necessary for all representations of the Local Government Unit in the Representation Letter with respect to the Paying Agent to be complied with at all times.

3. **Redemption.** If all or fewer than all Bonds of a maturity are to be redeemed, the Paying Agent shall notify DTC with the time periods required by the Representation Letter. If fewer than all Bonds of a maturity are to be redeemed, DTC shall determine by lot the principal of each DTC Participant's interest in the maturity of Bonds to be redeemed.

4. **Discontinuation of Book-Entry System.** If the Local Government Unit determines either:

(a) that the Securities Depository is unable to properly discharge its responsibilities; or

(b) that the interests of the beneficial owners of the Bonds would be adversely affected by the continuation of the book-entry system of transfer;

then the Local Government Unit shall so notify the Paying Agent and the Paying Agent shall notify the Securities Depository and request that it notify its Participants of such determination and of the availability of certificates with respect to beneficial interests in the Bonds. Upon delivery to it of the names, addresses, taxpayer identification numbers and other information needed by the Paying Agent to register the beneficial owners as bondholders, the Paying Agent shall cause certificates to be prepared for delivery to such beneficial owners, or their nominees, making such adjustments and allowances as it may find necessary or appropriate as to the date of such certificates, accrued interest and previous call for redemption. In such event, all references to the Securities Depository herein shall relate only to the period of time when the Securities Depository has possession of at least one Bond and shall be applicable only to such Bond so held.

5. **Successor Securities Depository.** In the event of a change in the identity of the Securities Depository, the Paying Agent shall request any successor Securities Depository to present to the Local Government Unit and the Paying Agent written evidence satisfactory to the Local Government Unit and the Paying Agent with respect to its ability to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is registered as such under the United States Securities and Exchange Act of 1934, as amended, or other applicable statute or regulations, and has done all things required thereby (or, if such requirements are not a requirement of applicable law with respect to the Bonds, the Local Government Unit may permit a successor Securities Depository with comparable qualifications, upon evidence satisfactory thereof being delivered to the Local Government Unit and the Paying Agent). The Paying Agent upon its receipt of a Bond certificate from the Securities Depository for cancellation shall cause the authorization and delivery of Bond certificates to the successor Securities Depository (or its nominee) in appropriate denominations, and form as authorized hereunder.

The Bonds shall bear interest, until maturity or prior redemption, at the rates per annum, and shall mature in the amounts and on September 15 of certain years, all as follows:

Principal Amount	Interest Rate	Maturity Year
\$ 5,000	4.15%	1999
5,000	4.25	2000
5,000	4.35	2001
5,000	4.45	2002
5,000	4.55	2003
5,000	4.65	2004
5,000	4.75	2005
5,000	4.80	2006
5,000	4.85	2007
5,000	4.95	2008
5,000	5.05	2009
5,000	5.15	2010
5,000	5.25	2011
1,680,000	5.25	2012
3,110,000	5.30	2013
3,285,000	5.35	2014
7,870,000	5.375	2016
18,475,000	5.50	2020

The stated maturities of the Bonds have been fixed in compliance with Section 8142(b)(2) of the Act.

(a) **Optional Redemption:** The Bonds maturing on or after September 15, 2008, are subject to redemption prior to maturity at the option of the Local Government Unit, at par plus accrued interest to the date fixed for redemption, in whole or, from time to time, in part (and if in part, in such order of maturity as the Local Government Unit shall select and within a maturity by lot), at any time on and after September 15, 2007.

(b) **Mandatory Redemption:** The Bonds maturing on September 15, 2016, (the "2016 Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot, on September 15, 2015, and the Bonds maturing on September 15, 2020, (the "2020 Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot, on September 15, of each of the years 2017 to 2019, inclusive, each at a redemption price of par and accrued interest to the date fixed for redemption, from funds which the Local Government Unit hereby covenants to deposit in the Sinking Fund (as hereinafter defined) annually on or before September 15 of each of the following years, sufficient to redeem by lot on each such September 15 the following respective principal amount of Bonds:

<u>Mandatory Redemption Date (September 15)</u>	<u>Principal Amount to be Redeemed</u>
<u>2016 Term Bonds</u>	
2015	\$3,830,000
<u>2020 Term Bonds</u>	
2017	\$4,255,000
2018	4,485,000
2019	4,740,000

The Paying Agent (as hereinafter defined) is hereby authorized and directed, (i) upon notification by the Local Government Unit of its option to redeem Bonds in part to select by lot the particular Bonds or portions thereof to be redeemed, (ii) without further authorization of the Local Government Unit with respect to a redemption pursuant to (b) above to select by lot the particular Bonds or portions thereof to be redeemed, and (iii) upon notification by the Local Government Unit of its option to redeem Bonds in whole or in part and when required pursuant to (b) above, to cause a notice of redemption to be given once by first-class United States mail, postage prepaid, or by another method of giving notice which is acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time such notice is given, at least thirty (30) days prior to the redemption date, to each registered owner of Bonds to be redeemed. Such notice shall be mailed to the address of such registered owner appearing on the registration books of the Paying Agent, unless such notice is waived by the registered owner of the Bonds to be redeemed. Any such notice shall be given in the name of the Local Government Unit, shall identify the Bonds to be redeemed, including CUSIP numbers, if applicable, which may, if appropriate, be expressed in designated blocks of numbers (and, in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the place where such Bonds are to be surrendered for payment, shall state the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable and from such redemption date interest will cease to accrue. Failure to give any notice of redemption or any defect in the notice or in the giving thereof to the registered owner of any Bond to be redeemed shall not affect the validity of the redemption as to other Bonds for which proper notice shall have been given. The costs incurred for such redemptions shall be paid by the Local Government Unit.

In addition to the notice described in the preceding paragraph, further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption, plus (A) the date of issue of the Bonds as originally issued; (B) the rate of interest borne by each Bond being redeemed; (C) the maturity date of each Bond being redeemed; and (D) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least twenty-five (25) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania on the date of execution and delivery hereof) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Moody's Investors Service, Inc.).

(iii) Such further notice shall be mailed by first class United States mail, postage prepaid, to The Bond Buyer of New York, New York, or to another financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds.

(iv) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The notices required to be given by this Section shall state that no representation is made as to the correctness or accuracy of CUSIP numbers listed in such notice or stated on the Bonds.

In lieu of redeeming the principal amount of Bonds set forth in (b) above on a mandatory redemption date, or any portion thereof, the Local Government Unit or the Paying Agent with the approval of the Local Government Unit may apply the moneys required to be deposited in the Sinking Fund (as hereinafter defined) to the purchase of a like amount of Bonds at prices not in excess of the principal amount thereof, provided that the following provisions are met:

(a) no purchase of any Bonds of any later maturity shall be made if any Bonds of any earlier maturity will remain outstanding; and

(b) firm commitments for the purchase must be made prior to the time notice of redemption would otherwise be required to be given; and

(c) if Bonds aggregating the amount required to be redeemed cannot be purchased, a principal amount of such Bonds equal to the difference between the principal amount required to be redeemed and the amount purchased shall be redeemed as aforesaid.

In the event of purchases of Bonds at less than the principal amount thereof, the balance remaining in the Sinking Fund representing the difference between the purchase price and the principal amount of Bonds purchased shall be paid to the Local Government Unit.

If at the time of the mailing of any notice of redemption the Local Government Unit shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

Section 6. Paying Agent, Sinking Fund Depository and Registrar; Payment of Principal and Interest Without Deduction for Taxes. The County Treasurer or other proper officer of the Local Government Unit is hereby authorized and directed to contract with Penn Security Bank & Trust Co., having corporate trust offices in Scranton, Pennsylvania, for its services as sinking fund depository, paying agent and registrar with respect to the Bonds and such Bank is hereby appointed to act in such capacities with respect to the Bonds.

The principal or redemption price of the Bonds shall be payable upon surrender thereof when due in lawful money of the United States of America at the corporate trust office of Penn Security Bank & Trust Co., in Scranton, Pennsylvania, or at the designated office of any additional or appointed alternate or successor paying agent or agents (the "Paying Agent"). Such payments shall be made to the registered owners of the Bonds so surrendered, as shown on the registration books of the Local Government Unit on the date of payment. Interest on the Bonds shall be paid by check mailed to the registered owner of such Bond as shown on the registration books kept by the Paying Agent, as of the close of business on the last day of the calendar month (whether or not a business day) immediately preceding the interest payment date in question (the "Regular Record Date"), irrespective of any transfer or exchange of such Bond subsequent to such Regular Record Date and prior to such interest payment date. If the Local Government Unit shall default in the payment of interest due on such interest payment date, such interest shall thereupon cease to be payable to the registered owners of the Bonds shown on the registration books as of the Regular Record Date. Whenever moneys thereafter become available for the payment of the defaulted interest, the Paying Agent on behalf of the Local Government Unit shall immediately establish a "special interest payment date" for the payment of the defaulted interest and a "special record date" (which shall be a business day) for determining the registered owners of Bonds entitled to such payments; provided, however, that the special record date shall be at least ten (10) days but not more than fifteen (15) days prior to the special interest payment date. Notice of each date so established shall be mailed by the Paying Agent on behalf of the Local Government Unit to each registered owner of a Bond at least ten (10) days prior to the special record date, but not more than thirty (30) days prior to the special interest payment date. The defaulted interest shall be paid on the special interest payment date by check mailed to the registered owners of the Bonds, as shown on the registration books kept by the Paying Agent as of the close of business on the special record date.

If the date for payment of the principal or redemption price of, and interest on, the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in each of the cities in which the corporate trust offices of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal or redemption price of, and interest on, the Bonds are payable without deduction for any tax or taxes, except inheritance and estate taxes or any other taxes now or hereafter levied or assessed on the Bonds under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Local Government Unit assumes and agrees to pay.

Section 7. Registration, Transfer and Exchange of Bonds. The Local Government Unit shall keep, at the corporate trust office of the Paying Agent, as registrar, books for the registration, transfer and exchange of Bonds. The Governing Body hereby authorizes and directs the Paying Agent, as registrar and transfer agent, to keep such books and to make such transfers or exchanges on behalf of the Local Government Unit.

The ownership of each Bond shall be recorded in the registration books of the Local Government Unit, which shall contain such information as is necessary for the proper discharge of the Paying Agent's duties hereunder as Paying Agent, registrar and transfer agent.

The Bonds may be transferred or exchanged as follows:

- (a) Any Bond may be transferred if endorsed for such transfer by the registered owner thereof and surrendered by such owner or his duly appointed attorney or other legal representative at the corporate trust office of the Paying Agent, whereupon the Paying Agent shall authenticate and deliver to the transferee a new Bond or Bonds of the same maturity and in the same denomination as the Bond surrendered for transfer or in different authorized denominations equal in the aggregate to the principal amount of the surrendered Bond.
- (b) Bonds of a particular maturity may be exchanged for one or more Bonds of the same maturity and in the same principal amount, but in a different authorized denomination or denominations. Each Bond so to be exchanged shall be surrendered by the registered owner thereof or his duly appointed attorney or other legal representative at the corporate trust office of the Paying Agent, whereupon a new Bond or Bonds shall be authenticated and delivered to the registered owner.
- (c) In the case of any Bond properly surrendered for partial redemption, the Paying Agent shall authenticate and deliver a new Bond in exchange therefor, such new Bond to be of the same maturity and in a denomination equal to the unredeemed principal amount of the surrendered Bond; provided that, at its option, the Paying Agent may certify the amount and date of partial redemption upon the partial redemption certificate, if any, printed on the surrendered Bond and return such surrendered Bond to the registered owner in lieu of an exchange.

Except as provided in subparagraph (c) above, the Paying Agent shall not be required to effect any transfer or exchange during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice, if the Bond to be transferred or exchanged has been called for such redemption. No charge shall be imposed in connection with any transfer or exchange except for taxes or governmental charges related thereto.

No transfers or exchanges shall be valid for any purposes hereunder except as provided above.

New Bonds delivered upon any transfer or exchange shall be valid general obligations of the Local Government Unit, evidencing the same debt as the Bonds surrendered.

The Local Government Unit and the Paying Agent may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and any notice to the contrary shall not be binding upon the Local Government Unit or the Paying Agent.

Section 8. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the members of the Governing Body and shall have the corporate seal of the Local Government Unit or a facsimile thereof affixed thereto, duly attested by the manual or facsimile signature of the Acting Administrative Director of the Local Government Unit and countersigned by the manual or facsimile signature of the County Treasurer, and the said officers are hereby authorized and directed to execute the Bonds in such manner. The Chairman of the Governing Body, the County Treasurer and the Acting Administrative Director, or any one of them, and/or any other duly authorized or appointed officers of the Local Government Unit, are authorized and directed to deliver, or cause to be delivered, the Bonds to the purchasers thereof against the full balance of the purchase price therefor. The Bonds shall be authenticated by the Paying Agent.

Section 9. Form of Bonds; CUSIP Numbers. The form of the Bonds, paying agent's authentication certificate and assignment shall be substantially as set forth in Exhibit A attached hereto.

The Bonds shall be executed in substantially the form as set forth in Exhibit A hereto with such appropriate changes, additions or deletions as may be approved by the officers executing the Bonds in the manner provided in Section 8 hereof; such execution shall constitute approval by such officers on behalf of the Governing Body. The opinion of bond counsel is authorized and directed to be printed upon the Bonds.

The Local Government Unit, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures (CUSIP) has caused CUSIP numbers to be printed on the Bonds. No representation is made as to the accuracy of said numbers either as printed on the Bonds or as contained in any notice of redemption, and the Local Government Unit shall have no liability of any sort with respect thereto. Reliance with respect to any redemption notice with respect to the Bonds may be placed only on the identification numbers printed thereon.

Section 10. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the proper officers of the Governing Body may execute and, upon their request in writing, the Paying Agent shall authenticate and deliver in lieu of such Bonds in definitive form one or more printed or typewritten bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described with appropriate omissions, variations and insertions, as may be required. Such bond or bonds in temporary form may be for the principal amount of Five Thousand Dollars (\$5,000) or any whole multiple or multiples thereof, as such officers may determine. The aforesaid officers, without unnecessary delay, shall prepare, execute and deliver Bonds in definitive form to the Paying Agent, and thereupon, upon presentation and surrender of the bond or bonds in temporary form, the Paying Agent shall authenticate and deliver, in exchange therefor, Bonds in definitive form in an authorized denomination of the same maturity for the same aggregate principal amount as the bond or bonds in temporary form surrendered. Such exchange shall be made by the Local Government Unit at its own expense and without any charge therefor. When and as interest is paid upon bonds in temporary form without coupons, the fact of such payment shall be endorsed thereon. Until so exchanged, the temporary bond or bonds shall be in full force and effect according to their terms.

Section 11. Manner of Sale; Award of Bonds; Bid Price; Range of Interest Rates. The Governing Body of the Local Government Unit after due deliberation and investigation has found that a private sale by negotiation is in the best financial interest of the Local Government Unit and based upon such finding the Governing Body of the Local Government Unit hereby awards the Bonds, at private negotiated sale, to Janney Montgomery Scott Inc., PNC Capital Markets, Wheat First Butcher Singer and Fahnstock & Co., Inc. (the "Underwriters"), upon the terms set forth in their proposal, a copy of which is attached hereto and made a part hereof. As set forth in such proposal, the Bonds are purchased at a bid price of \$34,252,226.25, less original issue discount of \$273,915.50, for a total purchase price of \$33,978,310.75, plus accrued interest, and bear interest ranging from 4.15% to 5.50%. Original issue discount on Bonds of certain maturities increases the effective yield, as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Effective Yield</u>
9/15/2012	5.25%	5.35%
9/15/2013	5.30	5.40
9/15/2014	5.35	5.45
9/15/2016	5.375	5.50
9/15/2020	5.50	5.53

Such details are hereby approved.

Section 12. Sinking Fund; Appropriation of Annual Amounts for Payment of Debt Service. There is hereby established a separate sinking fund for the Local Government Unit designated as "Sinking Fund - 1997 Series A General Obligation Bonds" (the "Sinking Fund") and into the Sinking Fund there shall be paid, when and as required, all moneys necessary to pay the debt service on the Bonds, and the Sinking Fund shall be applied exclusively to the payment of the interest covenanted to be paid upon the Bonds and to the principal thereof at maturity or prior redemption and to no other purpose whatsoever, except as may be authorized by law, until the same shall have been fully paid.

In each of the following fiscal years the following amounts shall be pledged to pay the debt service on the Bonds, and such amounts are annually hereby appropriated to the Sinking Fund for the payment thereof:

<u>Year</u>	<u>Amount</u>
1998	\$1,870,975.00
1999	1,875,975.00
2000	1,875,767.50
2001	1,875,555.00
2002	1,875,337.50
2003	1,875,115.00
2004	1,874,887.50
2005	1,874,655.00
2006	1,874,417.50
2007	1,874,177.50
2008	1,873,935.00
2009	1,873,687.50
2010	1,873,435.00
2011	1,873,177.50
2012	3,547,915.00
2013	4,889,715.00
2014	4,899,885.00
2015	5,269,137.50
2016	5,273,275.00
2017	5,271,125.00
2018	5,267,100.00
2019	5,275,425.00
2020	5,269,725.00

Section 13. Debt Proceedings. The Acting Administrative Director of the Local Government Unit is hereby authorized and directed to certify to and file with the Pennsylvania Department of Community and Economic Development, in accordance with the Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder, including the debt statement and borrowing base certificate referred to hereinabove, and to pay the filing fees necessary in connection therewith.

Section 14. Tax Covenants, Representations and Designations. The Local Government Unit hereby covenants that:

(i) The Local Government Unit will make no use of the proceeds of the Bonds during the term thereof which would cause such Bonds to be "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and that it will comply with the requirements of all Code sections necessary to ensure that the Bonds are described in Code section 103(a) and not described in Code section 103(b) throughout the term of the Bonds; and

(ii) If the gross proceeds of the Bonds, other than amounts held in a debt service fund for the Bonds, are invested at a yield which exceeds the yield on the Bonds and are not expended within six months from the date of issuance of the Bonds, the Local Government Unit will calculate and pay amounts representing excess investment income thereon (the "Rebate Amounts") in the manner required by Code section 148(f) and the regulations thereunder. The obligation to remit the Rebate Amounts and to comply with all other requirements of this Section shall survive the defeasance and payment in full of the Bonds.

Section 15. Preliminary Official Statement; Official Statement; Continuing Disclosure. The Preliminary Official Statement in the form presented at this meeting (a copy of which shall be filed with the records of the Local Government Unit), is hereby approved with such subsequent, necessary and appropriate additions or other changes as may be approved by the Governing Body of the Local Government Unit, or its designee, with the advice of the County Solicitor. The use and distribution of the Preliminary Official Statement by the Underwriters in the form hereby approved, and the distribution thereof on and after the date hereof, with such subsequent additions or other changes as aforesaid, is hereby authorized in connection with the public offering by the Underwriters of the Bonds. An Official Statement in substantially the same form as the Preliminary Official Statement, with such additions and other changes, if any, as may be approved by the Governing Body of the Local Government Unit, or its designee, with the advice of the County Solicitor, such approval to be conclusively evidenced by the execution thereof, is hereby authorized and directed to be prepared and upon its preparation, to be executed by the Chairman of the Local Government Unit following such investigation as such officer deems necessary as to the contents thereof. The Local Government Unit hereby further approves the distribution and use of the Official Statement as so prepared and executed in connection with the sale of the Bonds.

The Local Government Unit covenants to provide such continuing disclosure, at such times, in such manner and of such nature as is described in the Official Statement and to execute and deliver such agreements and certificates with respect to continuing disclosure as are described in the Official Statement.

Section 16. Incidental Actions. The proper officers of the Local Government Unit are hereby authorized, directed and empowered on behalf of the Local Government Unit to execute any and all agreements, papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the purposes of this Ordinance.

Section 17. Payment of Issuance Costs. The proper officers of the Local Government Unit are hereby authorized and directed to pay the costs of issuing the Bonds at the time of delivery of the Bonds to the Underwriter, such costs being estimated in the proposal attached hereto; provided that the total of such costs shall not exceed the amount of Bond proceeds available therefor.

Section 18. Inconsistent Ordinances. All ordinances or parts of ordinances inconsistent herewith be and the same are hereby repealed.

EXHIBIT A

No. _____

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF LACKAWANNA

GENERAL OBLIGATION BOND, SERIES OF 1997

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>SERIES ISSUANCE DATE</u>	<u>CUSIP</u>
--------------------------	--------------------------	---------------------------------	--------------

REGISTERED OWNER

PRINCIPAL AMOUNT

DOLLARS

County of Lackawanna, Pennsylvania (the "Local Government Unit"), existing by and under the laws of the Commonwealth of Pennsylvania, for value received, hereby acknowledges itself indebted and promises to pay to the registered owner named above on the maturity date specified above, unless this bond shall have been previously called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, the principal amount shown above; and to pay interest thereon at the annual rate specified above (computed on the basis of a 360-day year of twelve 30-day months) from the most recent Interest Payment Date (as hereinafter defined) next preceding the authentication date hereof, unless the authentication date is (a) an Interest Payment Date, in which event this bond shall bear interest from said Interest Payment Date, or (b) after a Regular Record Date and before the next succeeding Interest Payment Date, in which event this bond shall bear interest from such succeeding Interest Payment Date, or (c) on or prior to the Regular Record Date preceding March 15, 1998, in which event this bond shall bear interest from the Series Issuance Date specified above. Such payments of interest shall be made on March 15, 1998, and on each September 15 and March 15 thereafter (each, an "Interest Payment Date") until the principal or redemption price hereof has been paid or provided for as aforesaid. The principal or redemption price of, and interest on, this bond may be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

The principal or redemption price of this bond is payable upon presentation and surrender hereof at the corporate trust office of Penn Security Bank & Trust Co., in Scranton, Pennsylvania, or at the designated office of any additional or appointed alternate or successor paying agent or agents (the "Paying Agent"). Interest shall be paid by check mailed to the registered owner hereof, as shown on the registration books kept by the Paying Agent as of the close of business on the applicable Regular or Special Record Date (each as hereinafter defined).

So long as The Depository Trust Company ("DTC") or its nominee, CEDE & Co., is registered owner hereof, all payments of principal and premium, if any, and interest on, this bond shall be payable in the manner and at the respective times of payment provided for in the Representation Letter (the "Representation Letter") defined in, and incorporated into, the Resolution referred to herein.

The record date for any Regular Interest Payment Date (each, a "Regular Record Date") shall be the last day (whether or not a business day) of the calendar month immediately preceding such Regular Interest Payment Date. In the event of a default in the payment of interest becoming due on any Regular Interest Payment Date, the interest so becoming due shall forthwith cease to be payable to the registered owners otherwise entitled thereto as of such date. Whenever moneys become available for the payment of such overdue interest, the Paying Agent shall on behalf of the Local Government Unit establish a special interest payment date (the "Special Interest Payment Date") on which such overdue interest shall be paid and a special record date (which shall be a business day) relating thereto (the "Special Record Date"), and shall mail a notice of each such date to the registered owners of all Bonds (as hereinafter defined) at least ten (10) days prior to the Special Record Date, but not more than thirty (30) days prior to the Special Interest Payment Date. The Special Record Date shall be at least ten (10) days but not more than fifteen (15) days prior to the Special Interest Payment Date.

If the date for payment of the principal or redemption price of, and interest on, this bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in each of the cities in which the corporate trust offices of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal or redemption price of, and interest on, this bond are payable without deduction for any tax or taxes, except inheritance and estate taxes or any other taxes now or hereafter levied, or assessed hereon under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Local Government Unit assumes and agrees to pay.

This bond is one of a duly authorized issue of \$34,485,000 aggregate principal amount of general obligation bonds of the Local Government Unit known as "County of Lackawanna, Pennsylvania, General Obligation Bonds, Series A of 1997" (the "Bonds"), all of like tenor, except as to interest rate, date of maturity and provisions for redemption. The Bonds are issuable only in the form of fully registered bonds without coupons in the denomination of \$5,000 or integral multiples thereof and are issued in accordance with the provisions of the Pennsylvania Local Government Unit Debt Act, as codified by the Act of December 19, 1996, (P.L. 1158, No. 177) (the "Act") and by virtue of an ordinance of the Local Government Unit duly enacted (the "Ordinance"), and the sworn statement of the duly authorized officers of the Local Government Unit as appears on record in the office of the Pennsylvania Department of Community and Economic Development, Harrisburg, Pennsylvania.

It is covenanted with the registered owners from time to time of this bond that the Local Government Unit shall (i) include the amount of the debt service for each fiscal year in which the sums are payable in its budget for that year, (ii) appropriate those amounts from its general revenues for the payment of the debt service, and (iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal or redemption price of, and the interest on, this bond at the dates and places and in the manner stated in this bond, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Local Government Unit pledges its full faith, credit and taxing power. As provided in the Act, this covenant shall be specifically enforceable; subject, however, as to the enforceability of remedies to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this paragraph shall be construed to give the Local Government Unit any taxing power not granted by another provision of law.

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

This bond shall not be valid or become obligatory for any purpose until the Paying Agent's Authentication Certificate printed hereon is duly executed.

[BOND TEXT - BACK OF BOND]

**COUNTY OF LACKAWANNA, PENNSYLVANIA
GENERAL OBLIGATION BOND, SERIES OF 1997**

OPTIONAL REDEMPTION

The Bonds maturing on or after September 15, 2008, are subject to redemption prior to maturity at the option of the Local Government Unit, at par and accrued interest to the date fixed for redemption, in whole or, from time to time, in part (and if in part, in such order of maturity as the Local Government Unit shall select and within a maturity by lot) at any time on and after September 15, 2007.

MANDATORY REDEMPTION

The Bonds maturing on September 15, 2016, are subject to mandatory redemption prior to maturity in part, by lot, on September 15, 2015, and the Bonds maturing on September 15, 2020, are subject to mandatory redemption prior to maturity in part, by lot, on September 15 of each of the years 2017 to 2019, inclusive, each at a redemption price of par and accrued interest to the date fixed for redemption, in the principal amounts and as set forth in the Ordinance.

Any redemption of this bond under the preceding paragraphs shall be made as provided in the Ordinance, upon not less than thirty (30) days' notice, by mailing a copy of the redemption notice by first-class United States mail, postage prepaid, or by another method of giving notice which is acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time such notice is given, to each registered owner of the Bonds to be redeemed. Such notice shall be mailed to the address of such registered owner appearing on the registration books of the Paying Agent, unless such notice is waived by the registered owner of the Bonds to be redeemed; provided, however, that failure to give notice of redemption by mailing or any defect in the notice as mailed or in the mailings thereof to the registered owner of any Bond to be redeemed shall not affect the validity of the redemption as to other Bonds for which proper notice shall have been given. In the event that less than the full principal amount hereof shall have been called for redemption, the registered owner hereof shall surrender this bond in exchange for one or more new Bonds in an aggregate principal amount equal to the unredeemed portion of the principal amount hereof.

So long as DTC or its nominee, CEDE & Co., is registered owner hereof, if all or fewer than all Bonds of a maturity are to be redeemed, the Paying Agent shall notify DTC within the time periods required by the Representation Letter. If fewer than all Bonds of a maturity are to be redeemed, DTC shall determine by lot the principal of the maturity of the Bonds to be redeemed of each DTC Participant's interest in such maturity to be redeemed.

In lieu of redeeming the principal amount of Bonds set forth in the Ordinance on a mandatory redemption date, or any portion thereof, purchases of such Bonds of the particular maturity may be made in accordance with the provisions of the Ordinance.

If at the time of the mailing of any notice of redemption the Local Government Unit shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

The Local Government Unit has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal or redemption price of, and the interest on, the Bonds shall be deposited not later than the date fixed for disbursement thereof. The Local Government Unit has covenanted in the Ordinance to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of the principal or redemption price of, and interest on, this bond.

The Local Government Unit, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures (CUSIP), has caused CUSIP numbers to be printed on the Bonds. No representation is made as to the accuracy of said numbers either as printed on the Bonds or as contained in any notice of redemption, and the Local Government Unit shall have no liability of any sort with respect thereto. Reliance with respect to any redemption notices with respect to the Bonds may be placed only on the identification numbers printed hereon.

No recourse shall be had for the payment of the principal or redemption price of, or 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 Local Government Unit or of any successor body, either directly or through the Local Government Unit 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 execution and issuance of this bond.

This bond is registered as to both principal and interest on the bond register to be kept for that purpose at the principal corporate trust office of the Paying Agent, and both principal and interest shall be payable only to the registered owner hereof. This bond may be transferred in accordance with the provisions of the Ordinance, and no transfer hereof shall be valid unless made at said office by the registered owner in person or his duly appointed attorney or other legal representative and noted hereon. The Paying Agent is not required to transfer or exchange any Bond during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice, if the Bond to be transferred or exchanged has been called for such redemption. The Local Government Unit and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest hereon and for all other purposes, whether or not this bond shall be overdue. The Local Government Unit and the Paying Agent shall not be affected by any notice to the contrary.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
 TEN ENT - as tenants by the entireties
 JT TEN - as joint tenants with the right of
 survivorship and not as tenants in common

UNIFORM GIFT MIN ACT.....Custodian.....
 (Cust) (Minor)
 under Uniform Gifts to Minors
 Act.....
 (State)

Additional abbreviations may also be used though not in the above list.

COUNTY OF LACKAWANNA


RAY A. ALBERIGI

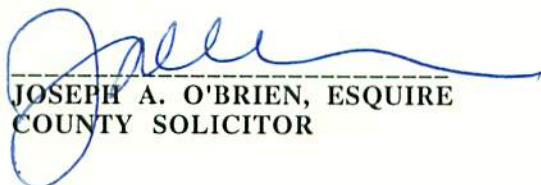

JOSEPH J. CORCORAN


JOHN SENIO

ATTEST:


WILLIAM A. JENKINS,
ACTING ADMINISTRATIVE DIRECTOR

Approved as to form and legality:


JOSEPH A. O'BRIEN, ESQUIRE
COUNTY SOLICITOR