

ORDINANCE #117

FIRST READING - March 9, 1999
SECOND READING - March 30, 1999

TO AUTHORIZE AND DIRECT THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF TWO SERIES OF GENERAL OBLIGATION BONDS OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA (THE "COUNTY") IN THE AGGREGATE PRINCIPAL AMOUNT OF THIRTY-THREE MILLION NINETY THOUSAND DOLLARS (\$33,090,000) FOR THE PURPOSE OF PROVIDING FUNDS TO (1) CURRENTLY REFUND THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1993, (2) ADVANCE REFUND A PORTION OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1994, (3) ADVANCE REFUND THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1996, (4) ADVANCE REFUND THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1997 (5) PAY THE COSTS OF VARIOUS CAPITAL PROJECTS IN THE COUNTY, (6) CAPITALIZE A PORTION OF THE INTEREST ON THE BONDS, AND (7) 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 CAPITAL PROJECTS AND AUTHORIZING THE PAYMENT OF OTHER CAPITAL PROJECTS UPON APPROPRIATE AMENDMENT HERETO; STATING THE REALISTIC ESTIMATED USEFUL LIFE OF THE CAPITAL PROJECTS FOR WHICH SAID BONDS ARE ISSUED; DESCRIBING CERTAIN PRIOR PROJECTS AND RATIFYING AND CONFIRMING THE ORIGINALLY ESTIMATED REALISTIC USEFUL LIVES THEREOF; DIRECTING THE PROPER OFFICERS OF THE COUNTY TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND BORROWING BASE CERTIFICATE; COVENANTING THAT THE COUNTY 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 COUNTY 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; AWARDED SUCH BONDS AT PRIVATE SALE AND STATING THAT SUCH PRIVATE SALE IS IN THE BEST FINANCIAL INTEREST OF THE COUNTY; 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 COUNTY TO CERTIFY AND TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT CERTIFIED COPIES 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

4/20/99
Karen Peters

... AND AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT AND THE UNDERTAKING OF CERTAIN CONTINUING DISCLOSURE; APPROVING THE FORMS OF, AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY, OF ESCROW AGREEMENTS AND OTHERWISE PROVIDING FOR THE ADVANCE REFUNDING OF A PORTION OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1994, AND ALL OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1996, AND SERIES OF 1997; PROVIDING FOR THE CURRENT REFUNDING OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1993; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO PAY ISSUANCE COSTS; AND REPEALING ALL INCONSISTENT ORDINANCES.

The Board of County Commissioners (the "Governing Body") of the County of Lackawanna, Pennsylvania (the "County"), pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. § 8901 et. seq. as amended (the "Act"), hereby ORDAINS AND ENACTS as follows:

ORDINANCE #117

FIRST READING - March 9, 1999
 SECOND READING - March 30, 1999

TO AUTHORIZE AND DIRECT THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF TWO SERIES OF GENERAL OBLIGATION BONDS OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA (THE "COUNTY") IN THE AGGREGATE PRINCIPAL AMOUNT OF THIRTY-THREE MILLION NINETY THOUSAND DOLLARS (\$33,090,000) FOR THE PURPOSE OF PROVIDING FUNDS TO (1) CURRENTLY REFUND THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1993, (2) ADVANCE REFUND A PORTION OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1994, (3) ADVANCE REFUND THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1996, (4) ADVANCE REFUND THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1997 (5) PAY THE COSTS OF VARIOUS CAPITAL PROJECTS IN THE COUNTY, (6) CAPITALIZE A PORTION OF THE INTEREST ON THE BONDS, AND (7) 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 CAPITAL PROJECTS AND AUTHORIZING THE PAYMENT OF OTHER CAPITAL PROJECTS UPON APPROPRIATE AMENDMENT HERETO; STATING THE REALISTIC ESTIMATED USEFUL LIFE OF THE CAPITAL PROJECTS FOR WHICH SAID BONDS ARE ISSUED; DESCRIBING CERTAIN PRIOR PROJECTS AND RATIFYING AND CONFIRMING THE ORIGINALLY ESTIMATED REALISTIC USEFUL LIVES THEREOF; DIRECTING THE PROPER OFFICERS OF THE COUNTY TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND BORROWING BASE CERTIFICATE; COVENANTING THAT THE COUNTY 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 COUNTY 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 COUNTY; 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 COUNTY TO CERTIFY AND TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT CERTIFIED COPIES 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; APPROVING THE FORMS OF, AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF ESCROW AGREEMENTS AND OTHERWISE PROVIDING FOR THE ADVANCE REFUNDING OF A PORTION OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1994, AND ALL OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS SERIES OF 1996, AND SERIES OF 1997; PROVIDING FOR THE CURRENT REFUNDING OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 1993; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO PAY ISSUANCE COSTS; AND REPEALING ALL INCONSISTENT ORDINANCES.

The Board of County Commissioners (the "Governing Body") of the County of Lackawanna, Pennsylvania (the "County"), pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. § 8001 et. seq., as amended (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 County hereby authorizes and directs the incurring of non-electoral debt through the issuance of its general obligation bonds in the aggregate principal amount of Thirty-Three Million Ninety Thousand Dollars (\$33,090,000), consisting of its General Obligation Bonds, Series A of 1999 (the "1999A Bonds") in an aggregate principal amount of Twenty-Seven Million Eight Hundred Sixty-Five Thousand Dollars (\$27,865,000) and Taxable General Obligation Bonds, Series B of 1999 (the "1999B Bonds") in an aggregate principal amount of Five Million Two Hundred Twenty-Five Thousand Dollars (\$5,225,000). The 1999A Bonds and the 1999B Bonds are collectively referred to herein as the "Bonds".

The 1999A Bonds are being issued to provide funds to: (1) currently refund the County's outstanding General Obligation Bonds, Series of 1993 (the "1993 Bonds"); (2) advance refund a portion (the "1994 Portion") of the County's outstanding General Obligation Bonds, Series of 1994 (the "1994 Bonds"); (3) advance refund the County's outstanding General Obligation Bonds, Series of 1996 (the "1996 Bonds"); (4) advance refund the County's outstanding General Obligation Bonds, Series of 1997 (the "1997 Bonds"); (5) fund various capital projects at the Multi-Purpose Stadium Authority of Lackawanna County (the "Stadium Authority") together with other capital projects within the County (the "Capital Projects"); (6) capitalize a portion of the interest on the 1999A Bonds; and (7) pay the costs of issuing and insuring the 1999A Bonds, or any or all of the same (the "1999A Project").

The 1999B Bonds are being issued to provide funds to: (1) plan, design, acquire, construct, and furnish a new Amphitheater at the Montage Ski Resort in Scranton, Pennsylvania (the "Taxable Project"), by either the County or a municipal authority to be created by the County to which the County will grant such funds for such purpose; (2) capitalize a portion of the interest on the 1999B Bonds; and (3) pay the costs of issuing and insuring the 1999B Bonds, or any or all of the same (the "1999B Project").

The County hereby determines that the Capital Projects, the Taxable Project and all grants made to any municipal authority in connection with any of said projects are in the best interests of the County.

The refunding of the 1993 Bonds is being undertaken by the County for the purpose of reducing total debt service over the life of the series in compliance with Section 8241(b)(1) of the Act.

The refunding of the 1994 Portion is being undertaken by the County for the purpose of reducing total debt service over the life of the series of 1994 Bonds in compliance with Section 8241(b)(1) of the Act and the term of the 1999A Bonds is being extended through refunding to a maturity date that could have been included in the 1994 issue.

The refunding of the 1996 Bonds is being undertaken by the County for the purpose of reducing total debt service over the life of the series in compliance with Section 8241(b)(1) of the Act and the term of the 1999A Bonds is being extended through refunding to a maturity date that could have been included in the 1996 issue.

The refunding of the 1997 Bonds is being undertaken by the County for the purpose of reducing total debt service over the life of the series in compliance with Section 8241(b)(1) of the Act and the term of the 1999A Bonds is being extended through refunding to a maturity date that could have been included in the 1997 issue.

Realistic cost estimates have been obtained by the County for the 1999A Project and the 1999B Project through estimates made by qualified persons, as required by Section 8006 of the Act.

The County hereby reserves the right to undertake components of the Capital Projects and the Taxable 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 1999A Project and the 1999B 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 County is authorized to incur indebtedness.

Section 2. Realistic Estimated Useful Life. The 1993 Bonds were issued to advance refund the County's General Obligation Bonds, Series of 1990 (the "1990 Bonds"). The 1990 Bonds were issued to finance certain capital projects consisting of the construction of a municipal solid waste management plant and various roads and bridges, airport renovations, reconstruction of the roof of the County Administration Building, the acquisition of police vehicles and other capital items or improvements in the County (the "1990 Project"). The realistic estimated useful life of the 1990 Project was determined at the time of issuance of the 1990 Bonds to be at least 5 years or more. The County has re-evaluated the remaining realistic estimated useful life of the 1990 Project and has determined it to be in excess of 11 years, as of the date hereof. The principal amount of the 1999A Bonds equal to the separate cost of the portions of the portions of the 1990 Project having an unexpired shorter useful life than the period during which the 1999A Bonds will be outstanding has been scheduled to mature prior to the end of such useful life, and the balance prior to the end of the longest unexpired useful life.

The 1994 Portion of the 1994 Bonds was issued to finance improvements and renovations to various County facilities and the acquisition of equipment in connection therewith (the "1994 Capital Project"). The realistic estimated useful life of the 1994 Capital Project was determined at the time of issuance of the 1994 Bonds to be 30 years. Such determination is hereby ratified and confirmed and the principal amount of the 1999A Bonds equal to the separate cost of the portions of the 1994 Capital Project having an unexpired shorter useful life than the period during which the 1999A Bonds will be outstanding has been scheduled to mature prior to the end of such useful life, and the balance prior to the end of the longest unexpired useful life.

The 1996 Bonds were issued to finance the construction of a visitors center, a trolley museum and excursion and a ski slope, the design of a nursing home and a prison and repairs to recreational areas in the County (the "Capital Improvement Project") and a computerization project and the purchase of specialty vehicles (the "Equipment Project"). The realistic estimated useful life of the Capital Improvement Project was determined at the time of issuance of the 1996 Bonds to be not less than 30 years. The realistic estimated useful life of the Equipment Project was determined at the time of issuance of the 1996 Bonds to be not less than 10 years. Such determinations are hereby ratified and confirmed and the principal amount of the 1999A Bonds equal to the separate cost of the portions of the Capital Improvement Project and the Equipment Project having an unexpired shorter useful life than the period during which the 1999A Bonds will be outstanding have been scheduled to mature prior to the end of such useful lives, and the balance prior to the end of the longest unexpired useful life.

The 1997 Bonds were issued to finance the improvement and expansion of the County's nursing home facilities (the "1997 Project"). The realistic estimated useful life of the 1997 Project was determined at the time of issuance of the 1997 Bonds to be in excess of 26 years. Such determination is hereby ratified and confirmed and the principal amount of the 1999A Bonds equal to the separate cost of the portions of the 1997 Project having an unexpired shorter useful life than the period during which the 1999A Bonds will be outstanding has been scheduled to mature prior to the end of such useful life, and the balance prior to the end of the longest unexpired useful life.

The realistic estimated useful life of the Capital Projects are estimated to be in excess of 30 years and the principal amount of the 1999A Bonds equal to the separate cost of each Capital Project having a shorter useful life than the period during which the 1999A Bonds will be outstanding has been scheduled to mature prior to the end of such useful life, and the balance prior to the end of the longest useful life.

The realistic estimated useful life of the Taxable Project is estimated to be in excess of 30 years.

Section 3. Debt Statement and Borrowing Base Certificate. The Chairman or Vice Chairman of the Governing Body, the County Controller and the Chief Clerk of the County, or any one of them, and/or any other duly authorized or appointed officer of the County, 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 County shall (i) include the amount of the debt service for the Bonds for each fiscal year in which such 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 County 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. 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 April 15, 1999 (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 1999A Bond and 1999B Bond attached hereto as Exhibit A and Exhibit B, respectively, and made a part hereof.

The Bonds shall bear interest, until maturity or prior redemption, at the rates per annum, and shall mature in the amounts and on January 1 of certain years, all as follows:

| <u>1999A Bonds</u> | | |
|-------------------------|----------------------|----------------------|
| <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Maturity Year</u> |
| 255,000 | 3.000 | 2000 |
| 680,000 | 3.550 | 2001 |
| 715,000 | 3.750 | 2002 |
| 740,000 | 3.850 | 2003 |
| 775,000 | 3.900 | 2004 |
| 925,000 | 4.000 | 2005 |
| 1,005,000 | 4.100 | 2006 |
| 1,425,000 | 4.200 | 2007 |
| 1,500,000 | 4.300 | 2008 |
| 1,570,000 | 4.400 | 2009 |
| 1,630,000 | 4.500 | 2010 |
| 2,580,000 | 4.600 | 2011 |
| 2,700,000 | 4.700 | 2012 |
| 2,210,000 | 4.800 | 2013 |
| 1,095,000 | 4.900 | 2014 |
| 1,145,000 | 4.900 | 2016 |
| 2,465,000 | 5.000 | 2017 |
| 4,450,000 | 5.000 | 2022 |

| <u>1999B Bonds</u> | | |
|-------------------------|----------------------|----------------------|
| <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Maturity Year</u> |
| 640,000 | 5.875 | 2004 |
| 1,055,000 | 6.300 | 2009 |
| 1,460,000 | 6.875 | 2014 |
| 2,070,000 | 7.000 | 2019 |

The stated maturities of the Bonds have been fixed in compliance with Section 8142(b)(1) of the Act.

The Capital Projects are estimated to be completed by June 30, 2000.

The Taxable Project is estimated to be completed by June 30, 2000.

(a) **Optional Redemption:** The 1999A Bonds maturing on or after January 1, 2010, are subject to redemption prior to maturity at the option of the County, 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 County shall select and within a maturity by lot), at any time on and after January 1, 2009.

The 1999B Bonds maturing on or after January 1, 2010, are subject to redemption prior to maturity at the option of the County, 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 County shall select and within a maturity by lot), at any time on and after January 1, 2009.

(b) **Mandatory Redemption:** The 1999A Bonds maturing on January 1, 2017, (the "2017 Term Bonds") and January 1, 2022 (the "2022 Term Bonds") are subject to mandatory redemption prior to maturity in part, in direct order of maturity by lot, on January 1 of each of the years 2016 to 2022, (excluding the January 1, 2022, maturity date) at a redemption price of par and accrued interest to the date fixed for redemption, from funds which the County hereby covenants to deposit in the Sinking Fund (as hereinafter defined) annually on or before January 1 of each of the following years, sufficient to redeem by lot on each such January 1 the following respective principal amount of Bonds:

| <u>Mandatory Redemption Date (January 1)</u> | <u>Principal Amount to be Redeemed</u> |
|--|--|
| <u>2017 Term Bonds</u> | |
| 2016 | 1,200,000 |
| 2017* | 1,265,000 |
| <u>2022 Term Bonds</u> | |
| 2018 | 1,325,000 |
| 2019 | 1,395,000 |
| 2020 | 545,000 |
| 2021 | 580,000 |
| 2022* | 605,000 |

*final maturity

The 1999A Bonds maturing on January 1, 2004, (the "2004 Term Bonds") and January 1, 2009 (the "2009 Term Bonds"), January 1, 2014, (the "2014 Term Bonds"), and January 1, 2019, (the "2019 Term Bonds") are subject to mandatory redemption prior to maturity in part, in direct order of maturity by lot, on January 1 of each of the years 2001 to 2019, (excluding the January 1, 2019, maturity date) at a redemption price of par and accrued interest to the date fixed for redemption, from funds which the County hereby covenants to deposit in the Sinking Fund (as hereinafter defined) annually on or before January 1 of each of the following years, sufficient to redeem by lot on each such January 1 the following respective principal amount of Bonds:

| <u>Mandatory Redemption Date (January 1)</u> | <u>Principal Amount to be Redeemed</u> |
|--|--|
| <u>2004 Term Bonds</u> | |
| 2001 | 145,000 |
| 2002 | 155,000 |
| 2003 | 165,000 |
| 2004* | 175,000 |
| <u>2009 Term Bonds</u> | |
| 2005 | 185,000 |
| 2006 | 195,000 |
| 2007 | 210,000 |
| 2008 | 225,000 |
| 2009* | 240,000 |
| <u>2014 Term Bonds</u> | |
| 2010 | 255,000 |
| 2011 | 270,000 |
| 2012 | 290,000 |
| 2013 | 310,000 |
| 2014* | 335,000 |

2019 Term Bonds

| | |
|-------|---------|
| 2015 | 360,000 |
| 2016 | 385,000 |
| 2017 | 410,000 |
| 2018 | 440,000 |
| 2019* | 475,000 |

*final maturity

Notwithstanding the provisions of this Section 5.

(a) The Bonds shall initially be issued in the form of one fully-registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, its successors and assigns ("DTC"). Except as provided in paragraph (g) below, all of the Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request in writing that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the County or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the bond register in connection with discontinuing the book entry system as provided in paragraph (g) below or otherwise.

(b) So long as any Bonds are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to DTC or its nominee in accordance with DTC's Operational Arrangements (the "DTC Operational Arrangements") on the dates provided for such payments under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the County or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds outstanding of any maturity, the Paying Agent shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Paying Agent, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Paying Agent shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

(c) The County and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners under this Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by the registered owners of Bonds and for all other purposes whatsoever; and neither the County nor the Paying Agent shall be affected by any notice to the contrary. Neither the County nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books as being a registered owner, with respect to either: (1) the Bonds, (2) the accuracy of any records maintained by DTC or any such participant, (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (4) any notice which is permitted or required to be given to registered owners of Bonds under this Ordinance, (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds, and (6) any consent given or other action taken by DTC as registered owner.

(d) So long as any Bonds are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of such Bonds under this Ordinance shall be given to DTC as provided in the DTC Operational Arrangements.

(e) In connection with any notice or other communication to be provided to the registered owners pursuant to this Ordinance by the County or the Paying Agent with respect to any consent or other action to be taken by registered owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the County or the Paying Agent may establish a special record date for such consent or action. The County or the Paying Agent shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) The County has executed and delivered to DTC its Blanket Letter of Representation and its Principal and Interest Guidelines Compliance Letter pursuant to which the County has agreed to comply with the requirements stated in the DTC Operational Arrangements. The Paying Agent has also agreed to comply with the requirements stated in the DTC Operational Arrangements and any successor Paying Agent shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements stated in the DTC Operational Arrangements.

(g) The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either (1) after written notice to the County and the Paying Agent, DTC determines to resign as securities depository for the Bonds, or (2) after written notice to DTC and the Paying Agent, the County determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the County. In either of such events (unless in the case described in clause (2) above, the County appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of the County or the Paying Agent for the accuracy of such designation. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent shall cooperate with DTC in taking appropriate

action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

The Paying Agent (as hereinafter defined) is hereby authorized and directed, (i) upon notification by the County 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 County 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 County 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; **provided, however,** if DTC, or its nominee, is the registered owner of all of the Bonds and if persons or entities own or provide evidence of ownership satisfactory to the Paying Agent of at least \$1,000,000 in principal amount of Bonds so request, notice of redemption shall be given by certified mail, return receipt requested. 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 County, 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 County.

So long as the Bonds or any portion thereof are held by DTC, the Paying Agent shall send each notice of redemption of the Bonds to DTC at 711 Stewart Avenue, Garden City, New York 11530, Attention: Call Notification Department (FAX - (516) 227-4039)) or at such other address as may be provided in writing to the Paying Agent from time to time. The foregoing notice of redemption shall be sent to DTC at least 30 days prior to the redemption date by legible facsimile transmission, certified or registered mail, overnight delivery service or another secure method which enables the Paying Agent subsequently to verify the transmission of such notice.

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 or 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 (a) above on a mandatory redemption date, or any portion thereof, the County or the Paying Agent with the approval of the County 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 County.

If at the time of the mailing of any notice of redemption the County 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 Reduction for Taxes. The County Treasurer, or other duly authorized official of the County, is hereby authorized and directed to contract with Penn Security Bank and Trust Company, having a corporate trust office in Scranton, Pennsylvania (the "corporate trust office") 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 designated corporate trust office of Penn Security Bank and Trust Company, 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 County 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 fifteenth 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 County 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 County 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 County 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 County assumes and agrees to pay.

Section 7. Registration, Transfer and Exchange of Bonds. The County shall keep, at the principal 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 County.

The ownership of each Bond shall be recorded in the registration books of the County, 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 principal 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, series and interest rate 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, series and interest rate may be exchanged for one or more Bonds of the same maturity, series and interest rate 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 principal 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, series and interest rate 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 County, evidencing the same debt as the Bonds surrendered.

The County 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 County or the Paying Agent.

Section 8. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Governing Body and shall have the corporate seal of the County or a facsimile thereof affixed thereto, duly attested by the manual or facsimile signature of the Administrative Director of the County, and the said officers are hereby authorized and directed to execute the Bonds in such manner. The Chairman or Vice Chairman of the Governing Body is 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. Forms 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 and Exhibit B attached hereto.

The Bonds shall be executed in substantially the forms as set forth in Exhibit A and Exhibit B 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 County, 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 County shall have no liability of any sort with respect thereto. Reliance upon 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 County 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 County after due deliberation and investigation has found that a private sale by negotiation is in the best financial interest of the County and based upon such finding the Governing Body of the County hereby awards the Bonds, at private negotiated sale, to Hopper Soliday, a division of Tucker Anthony Incorporated, Janney Montgomery Scott Inc., PNC Capital Markets and First Union Capital Markets Corp. (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 1999A Bonds are purchased at a bid price of \$27,675,518, less original issue discount of \$239,931.05, for a total purchase price of \$27,435,586.95, plus accrued interest, and bear interest ranging from 3.000% to 5.000%. As set forth in such proposal, the 1999B Bonds are purchased at a bid price of \$5,189,470, less original issue discount of \$50,417.20, for a total purchase price of \$5,139,052.80, plus accrued interest, and bear interest ranging from 5.875% to 7.000%.

Original issue discount on 1999A Bonds of certain maturities increases the effective yield as follows:

| <u>Maturity</u> | <u>Interest Rate</u> | <u>Effective Yield</u> |
|-----------------|----------------------|------------------------|
| 2004 | 3.900 | 3.950 |
| 2005 | 4.000 | 4.050 |
| 2006 | 4.100 | 4.150 |
| 2007 | 4.200 | 4.250 |
| 2008 | 4.300 | 4.400 |
| 2009 | 4.400 | 4.500 |
| 2010 | 4.500 | 4.600 |
| 2011 | 4.600 | 4.700 |
| 2012 | 4.700 | 4.800 |
| 2013 | 4.800 | 4.900 |
| 2014 | 4.900 | 4.950 |
| 2016 | 4.900 | 5.000 |
| 2017 | 5.000 | 5.086 |
| 2022 | 5.000 | 5.131 |

Original issue discount on 1999B Bonds of certain maturities increases the effective yield as follows:

| <u>Maturity</u> | <u>Interest Rate</u> | <u>Effective Yield</u> |
|-----------------|----------------------|------------------------|
| 2009 | 6.300 | 6.360 |
| 2014 | 6.875 | 7.020 |
| 2019 | 7.000 | 7.120 |

Such details are hereby approved.

Section 12. Sinking Fund; Appropriation of Annual Amounts for Payment of Debt Service. There are hereby established two separate sinking funds for the County designated as "Sinking Fund - County of Lackawanna General Obligation Bonds, Series A of 1999" and "Sinking Fund - County of Lackawanna General Obligation Bonds, Series B of 1999", (respectively the "Series A Sinking Fund" and the "Series B Sinking Fund"; and collectively the "Sinking Funds") and into the Sinking Funds there shall be paid, when and as required, all moneys necessary to pay the debt service on the Bonds, and the Sinking Funds shall be applied exclusively to the payment of the interest covenanted to be paid upon relevant series of 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.

The Schedule of Debt Service Payments attached hereto as Schedule I, and made a part hereof, lists the amounts that shall be pledged to pay the debt service on the Bonds, and such amounts listed thereon are annually hereby appropriated to the Sinking Fund for the payment thereto.

Section 13. Debt Proceedings. The Administrative Director of the County 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. The County hereby covenants that:

(i) The County will make no use of the proceeds of the 1999A Bonds during the term thereof which would cause such 1999A 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 1999A Bonds are described in Code section 103(a) and not described in Code section 103(b) throughout the term of the 1999A Bonds; and

(ii) If the gross proceeds of the 1999A Bonds, other than amounts held in a debt service fund for the 1999A Bonds, are invested at a yield which exceeds the yield on the 1999A Bonds and are not expended within six months from the date of issuance of the 1999A Bonds, the County 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 1999A 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 County), is hereby approved with such subsequent, necessary and appropriate additions or other changes as may be approved by the Governing Body 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 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 or Vice Chairman of the County following such investigation as such officer deems necessary as to the contents thereof. The County 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 County 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. Advance Refunding of Prior Bonds. The proper officers of the County are hereby authorized and directed to contract with; (a) First Union National Bank, Philadelphia, Pennsylvania, its successors and assigns, as escrow agent (the "1994 Escrow Agent") with respect to the refunding of the 1994 Portion; and (b) First Liberty Bank and Trust, Scranton, Pennsylvania, its successors and assigns, as escrow agent (the "1996-1997 Escrow Agent" and together with the 1994 Escrow Agent, the "Escrow Agents") with respect to the refunding of the 1996 Bonds and the 1997 Bonds; each as the true and lawful attorney and agent of the County to effect the payment and the redemption and payment, including payment of interest, of the respective bonds, and pursuant to the terms and provisions of certain escrow agreements dated as of the Series Issuance Date, between the County and First Union National Bank (the "1994 Escrow Agreement") and between the County and First Liberty Bank and Trust (the "1996-1997 Escrow Agreement", and together with the "Escrow Agreements"). The County hereby ratifies and confirms each Escrow Agent, as the paying agent, sinking fund depository and registrar for the respective issue of bonds.

The form, terms and provisions of the Escrow Agreements, substantially in the form as presented to this meeting (copies of which shall be filed with the records of the County) are hereby approved. The President or Vice President of the County (or such other authorized officer of the County) is hereby authorized and directed to execute and deliver each Escrow Agreement, in such form, subject to such subsequent additions, changes, variations, omissions, insertions and modifications, if any, as may be approved by such officer, with the advice of the County's Counsel and Bond Counsel, the execution of each Escrow Agreement to be conclusive evidence of such approval, and the Secretary or Assistant Secretary (or such other authorized officer of the County) is hereby authorized and directed to affix thereto the corporate seal of the County and to attest the same.

Subject only to completion of delivery of, and settlement for, the Bonds, the County authorizes and directs the irrevocable deposit in trust with the Escrow Agents of certain proceeds of the 1999A Bonds in amounts which will be sufficient, together with the interest earned thereon and any other available moneys, to effect the refunding of the 1994 Portion, the 1996 Bonds and the 1997 Bonds pursuant to the terms and provisions of the Escrow Agreements. Each Escrow Agents is irrevocably authorized and directed to apply the moneys so to be made available to it in accordance with the respective Escrow Agreement. The Escrow Agents, in the name, place and stead of the County, shall mail, with respect to the bonds being advance refunded, a notice of redemption as required by the terms of the appropriate refunded bonds. In addition, each Escrow Agents is hereby authorized and directed to mail as required by the appropriate Escrow Agreement, a notice of refunding of the relevant bonds. Such notices, in the forms attached to the relevant Escrow Agreement, as presented to this meeting, are hereby approved, subject to such changes, variations, omissions, insertions and modifications, if any, as may be approved by the officers executing the same, with the advice of the County's Counsel and Bond Counsel, the execution of each Escrow Agreement to be conclusive evidence of such approval, and the Secretary or Assistant Secretary (or such other authorized officer of the County) is hereby authorized and directed to affix thereto the corporate seal of the County and to attest the same. The County hereby agrees to provide for payment of the expenses of such mailings from proceeds of the 1999A Bonds or from moneys otherwise made available by the County and gives and grants each Escrow Agent full authority to do and perform all and every act and thing whatsoever requisite and necessary to effectuate said purposes as the County might do on its own behalf, and hereby ratifies and confirms all that said agent shall do or cause to be done by virtue thereof.

Section 17. Current Refunding of Prior Bonds. The proper officers of the County, with respect to the current refunding of the 1993 Bonds, are hereby authorized and directed to contract with First Union National Bank, Philadelphia, Pennsylvania, as the true and lawful attorney and agent of the County to effect the redemption and payment, including payment of interest, of the 1993 Bonds and hereby further ratifies and confirms said Bank as the paying agent, sinking fund depository and registrar for the 1993 Bonds.

The County hereby authorizes and directs the preparation of an Escrow Agreement (the "1993 Escrow Agreement") to be entered into between the County and First Union National Bank, as escrow agent (the "1993 Escrow Agent"), if required for the refunding of the 1993 Bonds, containing such terms and provisions as may be approved by the County, with the advice of the County's Counsel and Bond Counsel (a copy of which shall be filed with the records of the County). The President or Vice President of the Governing Body (or such other authorized officer of the County) is hereby authorized and directed to execute and deliver the 1993 Escrow Agreement, subject to such additions, changes, variations, omissions, insertions and modifications, if any, as may be approved by the officer executing the same, with the advice of the County's Counsel and Bond Counsel, the execution of the 1993 Escrow Agreement to be conclusive evidence of such approval, and the Secretary or Assistant Secretary (or such other authorized officer of the County) is hereby authorized and directed to affix thereto the corporate seal of the County and to attest the same.

Subject only to completion of delivery of, and settlement for, the Bonds the County authorizes and directs the irrevocable deposit in trust with the 1993 Escrow Agent of certain proceeds of the 1999A Bonds in an amount which will be sufficient, together with the interest earned thereon and any other available moneys, to effect the current refunding of the 1993 Bonds. The 1993 Escrow Agent is irrevocably authorized and directed to apply the moneys so to be made available to it in accordance with the 1993 Escrow Agreement or as otherwise directed in writing by the County. The 1993 Escrow Agent, in the name, place and stead of the County, shall mail, with respect to the 1993 Bonds, a notice of redemption as required by the terms of such Bonds. Such notice, in the form attached hereto as Exhibit B, is hereby approved, subject to such changes, variations, omissions, insertions and modifications, if any, as may be approved by the County, with the advice of the County's Counsel and Bond Counsel. The County hereby agrees to provide for payment of the expenses of such mailing from proceeds of the Bonds or from moneys otherwise made available by the County and gives and grants the 1993 Escrow Agent full authority to do and perform all and every act and thing whatsoever requisite and necessary to effectuate said purposes as the County might do on its own behalf, and hereby ratifies and confirms all that said agent shall do or cause to be done by virtue thereof.

Subject only to completion of delivery of, and settlement for, the Bonds the County hereby calls for redemption and payment on a date not more than ninety (90) days following the date of issuance of the Bonds, all of the outstanding 1993 Bonds.

Section 18. Incidental Actions. The proper officers of the County are hereby authorized, directed and empowered on behalf of the County 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 19. Payment of Issuance Costs. The proper officers of the County are hereby authorized and directed to pay the costs of issuing the Bonds at the time of delivery of the Bonds to the Underwriters, 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 20. Inconsistent Ordinances. All ordinances or parts of ordinances inconsistent herewith be and the same are hereby repealed.

SCHEDULE I

SCHEDULE OF DEBT SERVICE PAYMENTS

EXHIBIT A

No. _____

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF LACKAWANNA
GENERAL OBLIGATION BOND, SERIES A OF 1999

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

REGISTERED OWNER

PRINCIPAL AMOUNT

DOLLARS

The County of Lackawanna, Pennsylvania (the "County"), 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 Regular Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or from the Series Issuance Date shown above, if no interest has been paid. Such payments of interest shall be made on July 1, 1999, and on each January 1 and July 1 thereafter (each, a "Regular 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 and Trust Company, 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).

The record date for any Regular Interest Payment Date (each, a "Regular Record Date") shall be the fifteenth 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 County 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 County assumes and agrees to pay.

This bond is one of a duly authorized issue of \$27,865,000 aggregate principal amount of general obligation bonds of the County known as "County of Lackawanna General Obligation Bonds, Series A of 1999" (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, 53 Pa. Cons. Stat. § 8001, et. seq. as amended (the "Act"), and by virtue of an ordinance of the County duly enacted (the "Ordinance"), and the sworn statement of the duly authorized officers of the County 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 County shall (i) include the amount of the debt service for each fiscal year in which such sums are payable in its budget for such 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 County 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 County any taxing power not granted by another provision of law.

[BOND TEXT - BACK OF BOND]

COUNTY OF LACKAWANNA, PENNSYLVANIA GENERAL OBLIGATION BOND, SERIES A OF 1999

OPTIONAL REDEMPTION

The Bonds maturing on or after January 1, 2010, are subject to redemption prior to maturity at the option of the County, 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 County shall select and within a maturity by lot) at any time on and after January 1, 2009.

MANDATORY REDEMPTION

The Bonds maturing on January 1, 20___, and January 1, 20___, are subject to mandatory redemption prior to maturity in part, in direct order of maturity by lot, on January 1 of each of the years 20___ to 20___, (excluding the January 1, 20___, maturity date) 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 **provided, however**, if DTC, or its nominee, is the registered owner of all of the Bonds and if persons or entities own or provide evidence of ownership satisfactory to the Paying Agent of at least \$1,000,000 in principal amount of Bonds so request, notice of redemption shall be given by certified mail, return receipt requested. 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.

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.

EXHIBIT B

No. _____

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF LACKAWANNA
TAXABLE GENERAL OBLIGATION BOND, SERIES B OF 1999

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

REGISTERED OWNER

PRINCIPAL AMOUNT

DOLLARS

The County of Lackawanna, Pennsylvania (the "County"), 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 Regular Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or from the Series Issuance Date shown above, if no interest has been paid. Such payments of interest shall be made on July 1, 1999, and on each January 1 and July 1 thereafter (each, a "Regular 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 and Trust Company, 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).

The record date for any Regular Interest Payment Date (each, a "Regular Record Date") shall be the fifteenth 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 County 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 County assumes and agrees to pay.

This bond is one of a duly authorized issue of \$5,225,000 aggregate principal amount of general obligation bonds of the County known as "County of Lackawanna Taxable General Obligation Bonds, Series B of 1999" (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, 53 Pa. Cons. Stat. § 8001, et. seq, as amended (the "Act"), and by virtue of an ordinance of the County duly enacted (the "Ordinance"), and the sworn statement of the duly authorized officers of the County 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 County shall (i) include the amount of the debt service for each fiscal year in which such 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 County 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 County any taxing power not granted by another provision of law.

[BOND TEXT - BACK OF BOND]

COUNTY OF LACKAWANNA, PENNSYLVANIA TAXABLE GENERAL OBLIGATION BOND, SERIES B OF 1999

OPTIONAL REDEMPTION

The Bonds maturing on or after January 1, 2010, are subject to redemption prior to maturity at the option of the County, 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 County shall select and within a maturity by lot) at any time on and after January 1, 2009.

MANDATORY REDEMPTION

The Bonds maturing on January 1, 2004, January 1, 2009, January 1, 2014, and January 1, 2019, are subject to mandatory redemption prior to maturity in part, in direct order of maturity by lot, on January 1 of each of the years 20__ to 2019, (excluding the January 1, 2019, maturity date) 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 provided, however, if DTC, or its nominee, is the registered owner of all of the Bonds and if persons or entities own or provide evidence of ownership satisfactory to the Paying Agent of at least \$1,000,000 in principal amount of Bonds so request, notice of redemption shall be given by certified mail, return receipt requested. 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.

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 County 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.

So long as The Depository Trust Company, a New York corporation ("DTC"), or its nominee, Cede & Co., is the registered owner hereof, all payments of principal or redemption price of, and interest on, this bond, shall be payable in the manner and at the respective times of payment provided for in the DTC Operational Arrangements defined in, and incorporated into, the Ordinance.

So long as DTC or its nominee, Cede & Co., is the 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 described in the DTC Operational Arrangements. 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.

The County 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 County 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 County, 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 County shall have no liability of any sort with respect thereto. Reliance upon any redemption notices with respect to the Bonds may be placed only on the identification numbers printed hereon.

