

ORDINANCE # 143

FIRST READING - February 10, 2004
 SECOND READING - February 26, 2004

**FORMAL ACTION CONSTITUTING A DEBT ORDINANCE
 UNDER THE LOCAL GOVERNMENT UNIT DEBT ACT**

AUTHORIZING THE INCURRING OF NONELECTORAL DEBT BY THE ISSUANCE OF TAXABLE GENERAL OBLIGATION BONDS, SERIES E OF 2004 IN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000); COVENANTING TO PAY, AND PLEDGING UNLIMITED TAXING POWER FOR THE PAYMENT OF, THE BONDS; ESTABLISHING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY; PROVIDING FOR THE FORM, INTEREST RATE, MATURITY, REDEMPTION AND OTHER PROVISIONS FOR THE PAYMENT THEREOF; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; AUTHORIZING A FILING OF REQUIRED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; RATIFYING AND DIRECTING CERTAIN ACTIONS OF OFFICERS; AUTHORIZING CERTAIN ACTIONS WITH RESPECT TO THE MULTI-PURPOSE AUTHORITY OF LACKAWANNA COUNTY; AND MAKING CERTAIN OTHER COVENANTS AND PROVISIONS IN RESPECT OF THE BONDS.

WHEREAS, the County Commissioners of the County, after due consideration of the public welfare and with full legal competence pursuant to its enabling legislation, has determined to undertake the Project hereinafter described; and

WHEREAS, the County Commissioners of the County desires to incur indebtedness, within constitutional and statutory limitations, in order to undertake said Project; and

WHEREAS, the incurrence of such indebtedness is governed by the provisions of the Debt Act, with which this Debt Ordinance and all related proceedings of the County and all duly authorized actions of its officers are intended to comply;

NOW, THEREFORE, BE IT, AND IT HEREBY IS, ENACTED by the affirmative vote of a majority of all members of the County Commissioners of the County as follows:

ARTICLE I - DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Debt Ordinance, have the meanings hereby ascribed to them. Moreover, such terms, together with all other provisions of this Debt Ordinance, shall be read and understood in a manner consistent with the provisions of the Debt Act, as generally interpreted by the Department of Community and Economic Development or by courts maintaining competent jurisdiction.

Words or phrases importing the masculine gender shall be read and understood to include the feminine and neuter genders and those importing number shall include singular or plural, both as appropriate to the context. The word "person," in addition to natural persons, means and includes corporations, associations and public bodies and their successors unless the context shall indicate otherwise.

"Authentication Date" means that date or those dates, individual to respective Bonds, upon which the Sinking Fund Depository shall have executed and delivered a new and original instrument upon the transfer, exchange or other processing for registration of a Bond, thereby authenticating the same as, and to be, a valid and outstanding obligation of the County.

"Authorized Denomination" shall mean \$5,000 and any integral multiple thereof.

"Authorized Investments" means:

- (a) As to the proceeds of the Bonds and upon application of the "prudent-man" rule:
- (i) United States Treasury bills; (ii) short-term obligations of the United States Government or its agencies or instrumentalities; (iii) deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefor shall be pledged by the depository; (iv) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (v) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for township funds listed in clauses (i) through (iv); and (vi) certificates of deposit purchased from institutions insured by the Federal Deposit Insurance

Corporation or the National Credit Union Share Insurance Fund or the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation to the extent that such accounts are so insured; provided, for any amounts above the insured maximum, such certificates of deposit shall be collateralized by a pledge or assignment of assets of the institution, and such collateral may include loans (including interests in pools of loans) secured by first mortgage liens on real property. Certificates of deposit purchased from commercial banks shall be limited to an amount equal to twenty percent of a bank's total capital and surplus. Certificates of deposit purchased from savings and loan associations or savings banks shall be limited to an amount equal to twenty percent of an institution's assets minus liabilities.

(b) As to moneys at any time on deposit in the Sinking Fund: (i) obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America; (ii) direct general obligations of the Commonwealth, or in any securities in which the Commonwealth may, at such time, invest its moneys; or (iii) deposits at interest in time accounts, certificates of deposit or other interest bearing accounts of any bank, bank and trust company (including the Sinking Fund Depository), savings bank, savings and loan association or building and loan association. The authorization set forth above for investment in obligations of the United States of America shall include money market funds invested solely in such obligations, including any such funds maintained by the Sinking Fund Depository. To the extent that any such deposits described in (b)(iii) above are insured by the Federal Deposit Insurance Corporation or similar Federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds; provided in all events that such investments shall be made in a manner consistent with sound business practice and, if required for prompt expenditure, shall be held in demand deposits. In the event, from time to time, and to the extent such investments may periodically require valuation, their value shall be determined on the following bases (and if more than one basis applies, according to the lowest of them): (a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* -- the arithmetic mean of the bid and asked prices for such investments so published on or immediately prior to such time of determination; (b) as to investments the bid and asked prices of which are not so published -- the average bid price established for such investments by any three nationally recognized government securities dealers at the time making a market in such investments or the average bid price published by a nationally recognized pricing service; and (c) as to time deposits, certificates of deposit and bankers' acceptances -- the face amount thereof, plus accrued interest.

"Bonds" means the Taxable General Obligation Bonds, Series E of 2004.

"Co-Bond Counsel" means, collectively, Cozen O'Connor, Philadelphia, Pennsylvania and Paul J. LaBelle, Esq., Dunmore, Pennsylvania.

"Commonwealth" means the Commonwealth of Pennsylvania.

"County" means the County of Lackawanna, political subdivision of the Commonwealth, duly organized and existing under the Constitution and the laws of the Commonwealth, particularly its Home Rule Charter.

"County Commissioners" means the County Commissioners of the County, being that entity authorized by law to fix the rate of, and to levy, taxes within the County.

"County Guaranty Agreement" means that County Guaranty Agreement, dated as of November 15, 1992, by and between the County, the Multi-Purpose Authority and Northeastern Bank of Pennsylvania, as amended, pursuant to which the County has guaranteed payments on certain of the Multi-Purpose Authority's bonds, including the 2002 Bonds.

"Dated Date" shall mean, for the Bonds, the date set forth therein.

"Debt Act" means the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158 No. 177), as amended.

"Debt Ordinance" means this document, being the formal action taken by the County according to the requirements of Section 8003 of the Debt Act in order to authorize and incur the debt represented by the Bonds. Such term shall apply whether, under the law and current practices of the County, it would normally take formal action by enactment of an ordinance, adoption of a resolution or some other similar means.

"Designated Officer(s)" means and includes, individually or jointly, the Chairman of the Board of County Commissioners, the County Commissioners, the County Treasurer, the Controller and the Chief of Staff (and their appropriate successors acting by reason of absence or other incapacity), being those duly elected or appointed and acting officials of the County hereby authorized to undertake and perform the actions herein specified, which are necessary and proper to the issuance of the Bonds and compliance with the Debt Act.

"First Interest Payment Date" means the date for the first payment of interest set forth in the Bonds.

"Insurer" means the insurance company, if any, providing the Insurance Policy authorized by Section 6.06 hereof.

"Insurance Policy" means a standard municipal bond insurance policy of the Insurer, to be issued under and according to all the terms and conditions of its commitment, insuring timely payment of the principal of and interest on the Bonds to the owners thereof, upon satisfaction of all preconditions set forth in said policy.

"Interest Payment Date(s)" means the dates for the payment of interest set forth in the Bonds.

"Mandatory Redemption Date(s)" means the dates, if any, set forth for mandatory redemption in the Bonds.

"Maturity Date(s)" shall mean the date set forth in the Bonds.

"Municipality Authorities Act" means the Municipality Authorities Act, 53 Pa.C.S.A. 5601, *et seq.*

"Multi-Purpose Authority" means the Multi-Purpose Stadium Authority of Lackawanna County, created by the County under the Municipality Authorities Act on April 25, 1985.

"Project" means (a) the advance refunding of all or a portion of the outstanding 2002 Bonds; and (b) payment of costs associated with such advance refunding and with the issuance of the Bonds.

"Purchase Proposal" means the written agreement of even date for the purchase and sale of the Bonds, as executed and presented by the Purchaser, and accepted by the County by the enactment of this Debt Ordinance.

"Purchaser" means Morgan Stanley & Co. Incorporated, as representative of the group of underwriters named in the Purchase Proposal.

"Redemption Price" means, for any Bond, the price for mandatory redemption set forth therein.

"Record Date(s)" means (i) for each Interest Payment Date on the 1st day of a month, the 15th day of the preceding month and (ii) for each Interest Payment Date on the 15th day of a month, the 1st day of such month.

"Securities Depository" shall mean The Depository Trust Company, New York, New York, until a successor Securities Depository shall have become such, and, thereafter, Securities Depository shall mean the successor Securities Depository.

"Sinking Fund Depository" means Manufacturers and Traders Trust Company, a bank or bank and trust company (or wholly owned subsidiary of the same) located and lawfully conducting a banking or trust business in the Commonwealth, having a corporate trust office in Harrisburg, Pennsylvania.

"Solicitor" means Elaine Geroulo, Esq. of Scranton, Pennsylvania.

"2002 Bonds" means the Multi-Purpose Authority's Guaranteed Stadium Revenue Bonds, Series of 2002.

ARTICLE 2 -- AUTHORIZATION OF DEBT

Section 2.01. Incurrence. The County hereby authorizes and directs the incurrence of nonelectoral debt in an amount equal to the aggregate principal amount of the Bonds for the purposes of the Project; such debt shall be evidenced by the Bonds, to be issued, sold and delivered according to the provisions of this Debt Ordinance and the Debt Act, as general obligations of the County. The Bonds are hereby authorized to be issued hereunder in an aggregate principal amount not to exceed \$10,000,000 to fund the Project, bearing interest at a fixed rate. The interest rate for the Bonds shall not exceed 8.0%. The Bonds shall be subject to mandatory redemption as provided therein. The final maturity date of the Bonds shall be no later than December 31, 2020. The maximum principal amount of the Bonds maturing or subject to mandatory redemption in any year shall not exceed the amount shown for such year on Schedule I.

Section 2.02. Preparation of Debt Statement; Exclusion of Indebtedness. The Designated Officers are hereby authorized and directed to prepare and verify under oath or affirmation, according to the requirements of Sections 8002 and 8110 of the Debt Act, the Debt Statement of the County, including therewith a certification of the Borrowing Base, and, if desired, any statements required under Chapter 81, Subchapter B of the Debt Act necessary to qualify all or any portion of this, or any prior outstanding, debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; all previous actions of Designated Officers in this regard are hereby ratified and confirmed.

Section 2.03. Proceedings Before the Department. The Designated Officers are hereby further authorized and directed to prepare and file all proceedings of the County relative to this incurrence of debt with the Department of Community and Economic Development (the "Department") and to respond to all inquiries or requests and to perform all other actions necessary to enable the Department to certify its approval to issue, sell and deliver the Bonds.

Section 2.04. Stated Maturity Date; Level Debt Service. Attached as Schedule I is the maximum principal payable on the Bonds in each year (either by maturity or mandatory redemption). The County hereby finds and determines that: (i) the Bonds are to be issued with a final stated maturity date which does not exceed the sooner to occur of forty years from the initial issuance of the 2002 Bonds or the remaining useful life of the project financed or refinanced by the 2002 Bonds; and (ii) the stated maturities, or principal installments subject to mandatory redemption, of the Bonds shown in Schedule I will not increase the amount of principal payable in any year or years after the latest stated maturity date of the 2002 Bonds, over the amount of the principal which would have been payable on the 2002 Bonds if the 2002 Bonds had been structured on a 6% level annual debt service plan to the last stated maturity date of the proposed refunding bonds, computed to the nearest whole multiple of \$5,000. Compliance with clause (ii) above has been computed for the County by Morgan Stanley & Co. Incorporated, which is qualified to perform such computation.

Attached as Schedule II is the maximum debt service payable in each year on the Bonds. The County hereby finds and determines that the Bonds will amortize on an approximately level annual debt service plan.

Section 2.05. Final Terms of Bonds. The Designated Officers are hereby authorized to determine, with the advice of Co-Bond Counsel and the Solicitor, the final maturity dates, principal amounts, interest rates and mandatory redemption dates, Interest Payment Dates, Redemption Prices and provisions for the Bonds, which in no case shall exceed the parameters set forth in Section 2.01 hereof. Such determination shall be evidenced by insertion of the appropriate provisions therefor into the Bonds executed and delivered by the Designated Officers. In no event may the final debt service for any series of the Bonds exceed the maximum debt service for such series set forth in Schedule II.

Section 2.06. Conversion of Lease Rental Debt. The County Guaranty Agreement constitutes lease rental debt of the County. For purposes of the Debt Act, the advance refunding of the 2002 Bonds is a refunding of such lease rental debt with the County's nonelectoral general obligation debt, as authorized by Section 8249 of the Debt Act.

Section 2.07. Changes to Project. Nothing contained in this Debt Ordinance prohibits the County Commissioners, under proper enactment of an ordinance and compliance with all provisions of law, from amending, adding to, subtracting from, substituting for or otherwise altering the Project.

ARTICLE 3 – SECURITY FOR DEBT; SINKING FUND

Section 3.01. General Obligation Covenant. The Bonds shall be general obligations of the County. The County hereby covenants with the owners from time to time of the Bonds to: (a) include the amount necessary to service the debt on the Bonds, for each fiscal year in which such sums are payable, in its budget for that year; (b) appropriate such amounts from its general revenues to the payment of such debt service; and (c) duly and punctually pay, or cause to be paid, from its Sinking Fund or from any other of its revenues or funds, the principal of and the interest on the Bonds at the dates and place and in the manner stated in the Bonds, according to the true intent and meaning thereof.

For such budgeting, appropriation and payment of the Bonds, the County hereby irrevocably pledges its full faith, credit and taxing power. The maximum amounts of debt service on the Bonds hereby covenanted to be paid are set forth in Schedule II, attached to this Debt Ordinance and incorporated by reference herein.

As provided in the Debt Act, the foregoing covenants are specifically enforceable. Notwithstanding the foregoing, nothing contained herein shall prohibit or restrain the authorization, issuance, sale or delivery of additional general obligation bonds or notes of the County on a parity with the Bonds, upon adoption of an appropriate covenant to budget, appropriate and pay additional taxes and other revenues and funds for the payment and security of such additional obligations.

Section 3.02. Creation of Sinking Fund. The County hereby creates, and orders to be established (in its name and identified by reference to the Bonds), a Sinking Fund for the payment of the Bonds with the Sinking Fund Depository, and further covenants to maintain such Sinking Fund until the Bonds are paid in full.

Section 3.03. Deposits into Sinking Fund. The County covenants with the owners of the Bonds, and a Designated Officer (according to the duties specified in Section 8223 of the Debt Act) is hereby authorized and directed, to withdraw from the General Fund (or in the event debt service charges have been capitalized, from the appropriate fund established with the proceeds of the Bonds, as authorized in Section 11.03) and to deposit into the Sinking Fund on or before the appropriate Interest Payment Dates (or as and when otherwise due by their terms and in order to provide same-day, available funds for timely payment), amounts sufficient to pay: (a) the interest on the Bonds then outstanding; and (b) the principal of the Bonds then maturing or subject to redemption on each such Interest Payment Date as set forth in Section 3.01.

Section 3.04. Investment of Sinking Fund. All moneys in the Sinking Fund not required for prompt expenditure may, in accordance with written or telephonic (if subsequently confirmed in writing according to the reasonable practices and requests of the Sinking Fund Depository) instructions of the Designated Officer, be invested in Authorized Investments.

Authorized Investments must mature or must be subject to redemption, withdrawal or collection in their full amount at the option of the Sinking Fund Depository not later than the date upon which moneys are required to be paid to owners of the Bonds. All moneys in the Sinking Fund shall be applied exclusively to the payment of the Bonds as the same from time to time becomes due and payable. All moneys deposited into the Sinking Fund and all investments and proceeds thereof shall be subject to a perfected security interest for the benefit of the owners of the Bonds. Income received from any deposit or investment within the Sinking Fund shall remain within and be a part of the Sinking Fund and all such amounts may be applied in reduction or completion of any amount covenanted under Section 3.01 hereof to be deposited therein; provided, however, that the obligation of the County to pay the Bonds is, and shall remain, absolute, and may not be satisfied or reduced merely by the deposit of moneys into the Sinking Fund or from the expectation of earnings thereon.

Section 3.06. Sinking Fund Depository. The Designated Officers are hereby authorized and directed to contract with the Sinking Fund Depository for its services in such capacity, together with its services as Paying Agent and Registrar for the Bonds. The Sinking Fund Depository shall assume, undertake and perform the duties of the Sinking Fund Depository specified by this Debt Ordinance or contained in the Debt Act, and shall further act as Paying Agent and Registrar in respect of the Bonds, according to the provisions of this Debt Ordinance and the Debt Act and in compliance at all times with then-current industry standards and practices.

Section 3.05. Additional Funds. The County hereby authorizes and directs the Sinking Fund Depository to establish such other accounts as may be authorized by Sections 11.03 and 11.05.

ARTICLE 4 - TERMS AND PROVISIONS OF THE BONDS

Section 4.01. Dates, Maturity Amounts and Interest Rates. The Bonds will be identified by the Dated Date, will be dated as of the Authentication Dates, will bear (or accrue) interest at the rate(s) (or yield(s)), payable (or compounded) on the appropriate Interest Payment Dates, and will mature on the Maturity Dates and in the principal amounts (or maturity amounts) provided for therein.

Section 4.02. Mandatory Redemption. If the a Bond sets forth Mandatory Redemption Dates, such Bond shall be redeemed prior to maturity by the Sinking Fund Depository without further authorization on the appropriate Mandatory Redemption Dates and in the appropriate principal amounts set forth therein upon payment of the applicable Redemption Price.

Section 4.03. Notices, Selection of Bonds for Redemption. Notice of redemption shall be given by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the applicable redemption date, to the Registered Owners of Bonds to be redeemed at the addresses which appear in the Bond Register on the fifth business day preceding the date selected for the mailing of such notice and to the Insurer, if any. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond shall affect the validity of the proceedings for the redemption of any other Bond. If the County shall have duly given notice of redemption and shall have deposited funds for the payment of the Redemption Price of the Bonds with the Sinking Fund Depository, interest on such Bonds shall cease to accrue after such redemption date.

Notices of redemption shall be dated and shall state: (a) the redemption date; (b) the Redemption Price; (c) if less than all outstanding Bonds are to be redeemed, the identification numbers and the respective maturity amounts of the Bonds to be redeemed; (d) the applicable CUSIP numbers of the Bonds called for redemption (if then generally in use, but shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in the notice and that reliance may be placed only on the identification numbers printed on the Bonds); (e) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (f) that such Bonds are to be surrendered for payment at the designated corporate trust office of the Sinking Fund Depository.

If less than all Bonds maturing on any one date are to be redeemed at any time, and (1) if the Bonds are in book-entry form at the time of redemption, the Sinking Fund Depository will instruct the Securities Depository to instruct its Participants to select such Bonds for redemption pro rata among all Bonds, and neither the County nor the Sinking Fund Depository will have any responsibility to insure that Securities Depository or its Participants properly select such Bonds for redemption, and (2) if the Bonds are not then in book-entry form at the time of mandatory redemption, on each redemption date the Sinking Fund Depository shall select Bonds for redemption pro rata among all of the outstanding Bonds.

Any portion of any Bond of a denomination larger than an Authorized Denomination may be redeemed, but only in the principal amount of an Authorized Denomination. Prior to selecting Bonds for redemption, the Sinking Fund Depository shall assign numbers to each Authorized Denomination of any Bond of a denomination larger than an Authorized Denomination and shall treat each portion as a separate Bond in the denomination of an Authorized Denomination for purposes of selection for redemption. Upon surrender of any Bond for redemption of a portion thereof, the Sinking Fund Depository shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same maturity and in any Authorized Denominations requested by the owner in a principal amount equal to the unredeemed portion of the Bond surrendered.

Section 4.04. Book-Entry System. The Bonds will be issued in the form of one fully registered bond for the aggregate principal amount of the Bonds of each maturity, which Bonds will be registered in the name of Cede & Co., as nominee of the Securities Depository. Initially, all of the Bonds will be registered in the name of Cede & Co., as nominee of the Securities Depository; provided that if the Securities Depository requests that the Bonds be registered in the name of a different nominee, the Sinking Fund Depository must exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee of the Securities Depository. No person other than the Securities Depository or its nominee is entitled to receive from the County or the Sinking Fund Depository either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless the Securities Depository or its nominee transfers record ownership of all or any portions of the Bonds on the Register (as such term is defined in Section 4.08), in connection with discontinuing the book entry system.

So long as the Bonds or any portion thereof are registered in the name of the Securities Depository or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds will be made to the Securities Depository or its nominee in immediately available funds on the dates provided for such payments in this Debt Ordinance. Each such payment to the Securities Depository or its nominee will be valid and effective to discharge fully all liability of the County or the Sinking Fund Depository 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 Sinking Fund Depository will not require surrender by the Securities Depository or its nominee of the Bonds so redeemed, but the Securities Depository (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of the partial redemption provided that the Securities Depository must deliver to the Sinking Fund Depository, upon request, a written confirmation of the partial redemption and thereafter the records maintained by the Sinking Fund Depository will be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

The County and the Sinking Fund Depository may treat the Securities Depository (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 Debt Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by Registered Owners and for all other purposes whatsoever; and neither the County nor the Sinking Fund Depository will be affected by any notice to the contrary. Neither the County nor the Sinking Fund Depository will have any responsibility or obligation to any participant in the Securities Depository, any person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any such participant, or any other person which is not shown on the Register as being Registered Owner, with respect to either (1) the Bonds; or (2) the accuracy of any record maintained by the Securities Depository or any such participant; or (3) the payment by the Securities Depository or any participant of any amount in respect of the principal or redemption price of or interest on the Bonds; or (4) any notice which is permitted or required to be given to Registered Owners under this Debt Ordinance; or (5) the selection by the Securities Depository or any participant of any person to receive payment in the event of partial redemption of the Bonds; or (6) any consent given or other action taken by the Securities Depository as Registered Owner.

So long as the Bonds or any portion thereof are registered in the name of the Securities Depository or any nominee thereof, all notices required or permitted to be given to the Registered Owners under this Debt Ordinance will be given to the Securities Depository as provided in the representation letter executed by the County with respect to the Bonds.

In connection with any notice or other communication to be provided to Registered Owners pursuant to this Debt Ordinance by the County or the Sinking Fund Depository with respect to any consent or other action to be taken by Registered Owners, the Securities Depository will consider the date of receipt of notice requesting such consent or other action as the record date for the consent or other action, provided that the County or the Sinking Fund Depository may establish a special record date for such consent or other action. The County or the Sinking Fund Depository must give the Securities Depository notice of the special record date not less than 10 days in advance of such special record date.

Any successor Sinking Fund Depository must, in its written acceptance of its duties under this Debt Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the representation letter executed by the County with respect to the Bonds.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either: (1) after notice to the County and the Sinking Fund Depository, the Securities Depository determines to resign as securities Depository for the Bonds; or (2) after notice to the Securities Depository and the Sinking Fund Depository, the County determines that a continuation of the system of book-entry transfers through the Securities Depository (or through a successor Securities Depository) is not in the best interest 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 will be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by the Securities Depository, but without any liability on the part of the County or the Sinking Fund Depository for the accuracy of such designation. Any successor Securities Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of beneficial interests in Series 2003 Bonds, and to effect transfers of Series 2003 Bonds, in a book-entry form.

Whenever the Securities Depository requests the County and the Sinking Fund Depository to do so, the County and the Sinking Fund Depository must cooperate with the Securities Depository in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds. The Bonds will also carry CUSIP numbers as a convenience to owners.

Section 4.05. Interest Payments; Accrual. The Bonds will bear interest, payable in arrears, initially on the First Interest Payment Date and then on each Interest Payment Date subsequent for the respective preceding period; provided, that interest may be paid from an Interest Payment Date next preceding the date of a Bond except when the date of such Bond is a date to which interest has been so paid, then from the date of such Bond, or when either (1) the date of such Bond is prior to the First Interest Payment Date, or (2) no interest has been paid, then from the Dated Date

Section 4.06. Record Date; Payments on Default. The person in whose name any Bond is registered at the close of business on any Record Date with respect to any Interest Payment Date, Redemption Date or Maturity Date shall be entitled to receive the amounts payable on such payment date notwithstanding the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Record Date and prior to such payment date.

When, if, and to the extent, the County defaults in the payment of any amount due on any such dates, any moneys collected for such payment, as and when collected from time to time, may be paid to the persons in whose names Bonds are registered at the close of business on a Special Record Date established by the Sinking Fund Depository, notice of which has been mailed to all Registered Owners of Bonds not less than ten days prior to such date.

Section 4.07. Funds for Payment. The Bonds are payable at the offices of the Sinking Fund Depository in the coin or currency of the United States of America that is legal tender for the payment of public and private debts at the time and place of payment; provided, however, in the absence of written demand for such payment by the Registered Owner, received by the Sinking Fund Depository not later than the Record Date, all payments of the Bonds will be made by check or draft drawn on the Sinking Fund Depository and mailed, first class, postage prepaid, to the owner at the address that appears in the Register, following presentation at the offices of the Sinking Fund Depository. At the election of any registered owner of at least \$1,000,000 of any Series of Bonds, interest on such Bonds shall be payable to such owner, in either case by wire transfer in immediately available funds to a

designated account if written notice of any such election and designated account is given to the Paying Agent at least five days prior to the Interest Payment Date as to which such election shall be effective

Section 4.08. Registration and Transfer. The County will cause the Sinking Fund Depository to keep, in its capacity as Registrar, a Register in which, subject to reasonable regulations, the County will provide for the registration of Bonds and the registration of transfers and exchanges of Bonds. No transfer or exchange of any Bond will be valid unless made at the offices of the Sinking Fund Depository and registered in the Register.

Upon surrender for registration of transfer of any Bond, the County will execute, and the Sinking Fund Depository will authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of any authorized denomination, of the same yield and maturity, and in the same principal amount, as the Bond so surrendered.

Any Bond is exchangeable for other Bonds of the same yield and maturity, in any authorized denomination, in the same principal amount as the Bond or Bonds presented for exchange. Upon surrender for exchange of any Bond, the County shall execute, and the Sinking Fund Depository shall authenticate and deliver in exchange therefor, the new Bond or Bonds which the Registered Owner making the exchange shall be entitled to receive.

All Bonds issued upon any registration of transfer or exchange shall be valid obligations of the County, evidencing the same indebtedness and entitled to the same benefits under this Debt Ordinance as the Bonds surrendered for such registration of transfer or exchange. All Bonds so surrendered shall be cancelled and may be destroyed by the Sinking Fund Depository.

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

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

Neither the County, nor the Sinking Fund Depository, shall be required to: (a) issue, or register the transfer or exchange of, any Bond during a period of fifteen (15) business days before any date of selection of Bonds to be redeemed; or (b) register the transfer or exchange of any Bond after it has been selected for redemption.

The Bonds shall be initially registered in accordance with instructions submitted to the Sinking Fund Depository by the Purchaser.

Section 4.09. Execution and Authentication. The Bonds shall be executed on behalf of the County by the Designated Officers, and shall have a facsimile of the corporate seal of the County affixed thereto, duly attested. The Bonds shall be authenticated by the manual execution of the Certificate of Authentication by a duly authorized officer of the Sinking Fund Depository. No Bond shall be valid until such Certificate of Authentication shall have been duly executed and such authentication shall be the conclusive and only proof that any Bond has been issued pursuant to, and is entitled to any benefits conferred under, the provisions of this Debt Ordinance. To the extent that any one signature on a Bond (including the signature of the officer of the Sinking Fund Depository) is manual, all other signatures may be by facsimile.

Section 4.10. Temporary Bonds. Bonds in definitive form shall be fully engraved or printed or lithographed on steel-engraved borders. Until bonds in definitive form are ready for delivery, the County may execute, and upon request the Sinking Fund Depository shall authenticate and deliver, in lieu thereof and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten bonds in temporary form, substantially in the form in Section 4.12 hereinafter described, and with appropriate omissions, variations and insertions. Until exchanged for bonds in definitive form, such bonds in temporary form shall be valid obligations entitled to the benefit of this Debt Ordinance. The County shall, without unreasonable delay, prepare, execute and deliver to the Sinking Fund Depository, and thereupon, upon the presentation and surrender of any bond or bonds in temporary form, the Sinking Fund Depository shall authenticate and deliver, in exchange therefor, a bond or bonds in definitive form of the same principal (or maturity) for the same aggregate maturity amount as the bond or bonds in temporary form surrendered. Such exchange shall be made by the County at its own expense and without making any charge therefor.

Section 4.11. Bonds Lost or Destroyed. Upon receipt by the County and the Sinking Fund Depository of evidence satisfactory to both of them that any outstanding Bond has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them, the County may, in its discretion, execute and thereupon the Sinking Fund Depository shall authenticate and deliver a new Bond of the same maturity and of like tenor in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, lost or stolen. The County may, for each new Bond authenticated and delivered under the provisions of this Section, require the payment of the expenses, including counsel fees. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen, shall constitute an original additional and independent contractual obligation on the part of the County whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Debt Ordinance with all other Bonds issued hereunder, and all limitations and debt limits imposed by the Debt Act shall be increased to the extent necessary to validate such new Bonds.

Section 4.12. Form of the Bonds. The Bonds shall be substantially in the form set forth in Exhibit A, with appropriate modifications, insertions and omissions.

ARTICLE 5 -- CONCERNING THE SINKING FUND DEPOSITORY

Section 5.01. Maintenance of Sinking Fund. The Sinking Fund Depository shall maintain the Sinking Fund as a separate account and shall, without further authorization other than as herein contained, pay, from moneys therein, the principal of, interest on and premium, if any, on the Bonds, as and when the same shall become due, to the Registered Owners thereof.

Section 5.02. Unclaimed Funds. The Sinking Fund Depository shall return to the County all moneys deposited and held in a Sinking Fund for the payment of Bonds which have not been claimed by the Registered Owners after two years from the date when payment is due, except where such funds are held for the payment of outstanding checks, drafts or other instruments of the Sinking Fund Depository. Nothing in this Section or by reason of any action taken hereunder shall relieve the County of its liability for payment to the Registered Owners of unrepresented Bonds.

Section 5.03. Registration Agents. The Sinking Fund Depository shall undertake and perform those additional duties which may be required of it in order to enable the Securities Depository to perform services for its participants, including the processing of transfers of registration within necessary time periods, the payment of Bonds by acceptable fund transfers and the delivery of adequate redemption and other payment notices.

Section 5.04. Liability of Sinking Fund Depository. The Sinking Fund Depository may exercise any of the powers or perform any duty hereunder by or through attorneys, agents, receivers or employees, and it shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney, agent, receiver or employee, if reasonable care has been exercised in his appointment and retention, nor shall the Sinking Fund Depository be otherwise answerable or accountable under any circumstances whatever in connection with such powers or duties, except for its own negligence or willful misconduct. The Sinking Fund Depository shall be protected and shall incur no liability in relying, acting or proceeding in good faith upon any notice, request, order, certificate, report, opinion, statement, affidavit, voucher, or other paper or document believed by it to be genuine and to have been signed, passed or presented by the proper person, nor be bound to make any investigation into the matters stated therein. However, the Sinking Fund Depository may, at any time in its discretion, require of the County full information and advice as to the above as well as to the performance of any of the covenants, conditions and agreements in this Debt Ordinance and may further make or cause to be made independent investigations, at the expense of the County, concerning its affairs. The Sinking Fund Depository may consult with legal counsel to be selected and employed by it and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Section 5.05. Ownership of Bonds. The Sinking Fund Depository, in its individual capacity or as a fiduciary, may become the owner of Bonds, with the same rights it would have if it were not the Sinking Fund Depository. The Sinking Fund Depository may also engage in, or be interested in, any financial or other transaction with the County not in derogation of the rights of the Registered Owners of the Bonds.

Section 5.06. Interpretation. The Sinking Fund Depository may construe any of the provisions of this Debt Ordinance insofar as they may appear to be ambiguous or inconsistent with any other provision, and any construction of any such provisions by the Sinking Fund Depository in good faith will be binding upon the Registered Owners of the Bonds.

Section 5.07. Fees and Expenses. The Sinking Fund Depository shall be paid such initial and periodic fees for its services and reimbursed for such expenses, as are specified in those proposals and other such communications made to and received by the County in connection with the Bonds, if any, or, in all events, according to its usual, customary and reasonable schedule of fees and other charges.

Section 5.08. Removal; Resignation. The Sinking Fund Depository shall serve in such capacity at the will of the County and may be removed, at any time, with or without cause, by the appointment of a qualified successor and upon sixty (60) days' written notice to the Registered Owners of the Bonds and to the Sinking Fund Depository. Moreover, but if, and only in the event that, the payment of the Bonds has been insured to the Registered Owners thereof by a duly issued and outstanding Insurance Policy, then the Sinking Fund Depository and any successor shall be, and remain at all times, acceptable to the Insurer, who shall be empowered to request the appointment of a successor for cause shown. The Sinking Fund Depository may at any time resign and be discharged of the trust hereby created by giving not less than sixty (60) days' written notice to the County and the Registered Owners, specifying the date when such resignation shall take effect, in the manner required for bond redemption notices in Section 4.03 hereof, and such resignation shall take effect upon the day specified in such notice, unless previously a successor Sinking Fund Depository shall have been appointed by the County as hereinbefore provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 5.09. Duties upon Default. If the County fails or refuses to make any required deposit in the Sinking Funds, the Sinking Fund Depository shall (a) independent of events and actions of Registered Owners, any trustee or any court or administrative or judicial officer undertaken or occurring pursuant to the provisions of Article 6 hereof: (1) notify the Department of Community and Economic Development of such failure or refusal, in order to facilitate an inspection of the Sinking Fund by the Department pursuant to Section 8226 of the Debt Act; and (2) notify the Insurer, if any; and (b) in conjunction with such events and actions under Article 6 hereof, may, and upon request of the Registered Owners of twenty-five per cent in principal amount of outstanding Bonds and upon being indemnified against cost and expense shall, exercise any remedy, provided in Article 6 of this Debt Ordinance, in the Debt Act or at law or in equity, for the equal and ratable benefit of the Registered Owners of the outstanding Bonds, and shall disburse all funds so collected equally and ratably to the Registered Owners thereof, pursuant to the requirements of Subchapter D of Chapter 82 of the Debt Act.

Notwithstanding the foregoing, however, if, and only in the event, the payment of the Bonds has been insured to the Registered Owners thereof by a duly issued and outstanding Insurance Policy, then the Sinking Fund Depository shall diligently seek recovery of funds for the payment of the Bonds from the Insurer according to the terms of the Insurance Policy and, in the event the terms of such Insurance Policy are being fully met and satisfied by the Insurer, then the Sinking Fund Depository may undertake the remedies provided in subparagraph (b) of this Section only after notice to, and with the consent of, the Insurer.

ARTICLE 6 -- DEFAULTS AND REMEDIES

Section 6.01. Failure to Budget Debt Service. Subject to the provisions of Section 6.06 hereof, if applicable, if the County fails or refuses to make adequate provision in its budget for any fiscal year for the sums payable in respect of the Bonds, then at the suit of the Registered Owner of any Bond, the Court of Common Pleas of the county in which the County is located, (or, if located in more than one county, then of either) shall after a hearing held upon such notice to the County as the Court may direct, and upon a finding of such failure or neglect, by writ of mandamus, require the Designated Officer to pay into the Sinking Fund the first tax moneys or other available revenues or moneys thereafter received in such fiscal year by such Designated Officer until the sum on deposit in the Sinking Fund shall equal the moneys that should have been budgeted or appropriated for the Bonds.

Section 6.02. Failure to Pay Principal or Interest. Subject to the provisions of Section 6.06 hereof, if applicable, if the County fails or neglects to pay or cause to be paid the interest or principal on any of the Bonds, as the same becomes due and payable, and such failure shall continue for thirty (30) days, the Registered Owner thereof shall, subject to any appropriate priorities created under the Debt Act, have the right to recover the amount due in an action in assumpsit in the Court of Common Pleas of the county in which the County is located (or, if located in more than one county, then of either). The judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the County.

Section 6.03. Trustee for Registered Owners.

(a) Subject to the provisions of Section 6.06 hereof, if applicable, notwithstanding any other provision in this Debt Ordinance, if the County defaults in the payment of the principal of or the interest on the Bonds after the same shall become due, and such default shall continue for thirty (30) days, or if the County fails to comply with any provision of the Bonds or this Debt Ordinance, the Registered Owners of twenty-five percent in aggregate principal amount of the Bonds then outstanding, by an instrument or instruments filed in the office for the recorder of deeds in the county in which the County is located, signed and acknowledged in the same manner as a deed to be recorded, may appoint a trustee, who may be the Sinking Fund Depository, to represent the Registered Owners of all such Bonds, and such representation shall be exclusive for the purposes herein provided.

(b) Such trustee, may, and upon written request of the Registered Owners of twenty-five percent in principal amount of the Bonds then outstanding and upon being furnished with indemnity satisfactory to it must, in his or its own name take one or more of the actions set forth below and the taking of such actions precludes similar action whether previously or subsequently initiated by individual Registered Owners of the Bonds:

(1) By mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Registered Owners of the Bonds or require the County to carry out any other agreement with the Registered Owners of the Bonds;

(2) Bring suit on the Bonds without the necessity for producing them;

(3) Petition the Court to levy, and the Court is hereby empowered to levy, after a hearing upon the notice to the owners of assessable real estate that the Court prescribes, the amount due before or after the exercise of any right of acceleration on the Bonds plus estimated costs of collection upon all taxable real estate and other property subject to ad valorem taxation within the County, in proportion to the value thereof as assessed for tax purposes, and the trustee may collect, or cause the County to collect, such amounts as by foreclosure of a mortgage or security interest on the realty or other property if not paid on demand. Any assessment levied pursuant hereto has the same priority and preference, as against other liens or mortgages on the real estate or security interests in fixtures thereon or other property, as a lien for unpaid taxes;

(4) By suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds;

(5) After thirty (30) days' prior written notice to the County, declare the unpaid principal of all the Bonds to be, which will thereby become, forthwith due and payable with interest at the rates stated in the Bonds until final payment (and, if all defaults are made good, then to annul the declaration and its consequences).

(c) If the Sinking Fund Depository is willing to serve and exercise the powers conferred upon a trustee appointed by this Section 6.03, no trustee appointed in the manner provided in this Section will have the powers herein set forth unless the appointment under this Section was executed by or pursuant to the authority of the Registered Owners of fifty-one (51%) percent of the principal amount of Bonds then outstanding.

(d) Proof of ownership of Bonds and of execution of instruments relative thereto is to be made according to the provisions of Section 8114 of the Debt Act.

Section 6.04. Costs of Suits or Proceedings. In any suit, action or proceeding by or on behalf of the Registered Owners of defaulted Bonds, the fees and expenses of a trustee or receiver, including operating costs of a project and reasonable counsel fees, constitute taxable costs, and all such costs and disbursements allowed by the court will be deemed additional principal due on the Bonds, and must be paid in full from any recovery prior to any distribution to the Registered Owners of the Bonds.

Section 6.05. Distribution of Moneys Realized for Registered Owners. Moneys or funds collected for the Registered Owners of defaulted Bonds shall, after the payment of costs and fees as provided in Section 6.04, be applied by the trustee or receiver as follows:

(a) Unless the principal of all the Bonds has become or has been declared due and payable, (i) to the payment to the Registered Owners entitled thereto of all installments of interest then due in the order of their respective due dates and, if the amount available is not sufficient to pay any installment in full, then to the payment ratably, according to the amounts due on such installment, to the Registered Owners entitled thereto, without any discrimination or preference; and (ii) to the payment to the Registered Owners entitled thereto of the unpaid principal of any Bonds which have become due, whether at stated Maturity Dates or by call for redemption, in the order of their respective due dates, and if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment ratably, according to the amounts of principal due on such dates, to the Registered Owners entitled thereto without any discrimination or preference;

(b) If the principal of all the Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the Registered Owners entitled thereto without any discrimination or preference.

Section 6.06. Insurance Policy; Procedure for Payment Thereunder. The Designated Officers are hereby authorized to solicit proposals from insurance companies for the provision of an Insurance Policy. The Designated Officers are hereby authorized to determine, with the advice of Co-Bond Counsel and the Solicitor, that the purchase of the Insurance Policy is necessary or desirable to achieve the economic objectives of the County, to select the Insurer and to purchase the Insurance Policy with the proceeds of the Bonds. In addition, the Designated Officers are hereby authorized to execute and deliver, with the advice of Co-Bond Counsel and the Solicitor, an agreement with the Insurer reflecting any agreements required by the Insurer as a condition to issuing the Bond Insurance Policy.

No provisions of this Debt Ordinance, the Debt Act or otherwise arising at law or in equity for the enforcement of claims by Registered Owners for the payment of either principal or interest in respect of the Bonds may be effectuated without the consent of the Insurer, as long as the terms of the Insurance Policy are being fully met and satisfied.

If the principal and/or interest due on the Bonds is paid by the Insurer pursuant to the Insurance Policy, all covenants, agreements and other obligations of the County to the Registered Owners of the Bonds, under this Debt Ordinance and under the Debt Act, will continue to exist and will run to the benefit of the Insurer, who will be subrogated to the rights of the Registered Owners. Accordingly, the Sinking Fund Depository must follow all instructions of the Insurer for the prompt payment of the principal of and/or interest due on the Bonds to the Registered Owners, including provision of the Register to the Insurer, processing of checks or other remittances on behalf of the Insurer, collection of Bonds and notation of the Insurer's interests as subrogee within its records and on its books.

ARTICLE 7 -- AMENDMENTS AND MODIFICATIONS

Section 7.01. Amendments Without Consent. The County may, from time to time and at any time, enact, execute, file with the Department and deliver to the Sinking Fund Depository, who shall accept the same, debt ordinances amending, modifying or supplemental hereto as shall not be inconsistent with the terms and provisions hereof and which shall not adversely affect the rights of the Registered Owners of the Bonds (which modifying or supplemental debt ordinances shall thereafter form a part hereof) for the following purposes:

- (a) to cure any ambiguity, formal defect or omission in this Debt Ordinance;
- (b) to grant to or confer upon the Sinking Fund Depository for the benefit of the Registered Owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred thereupon;
- (c) to add to this Debt Ordinance additional covenants and agreements thereafter to be observed by, or to surrender any right or power herein reserved to or conferred upon, the County; or
- (d) to amend the definition of the Project and change the purposes of the Bonds, in compliance with all provisions of the Debt Act.

Section 7.02. Amendments With Consent. With the consent of the Registered Owners of not less than sixty-six and two-thirds per centum (66 2/3%) in outstanding principal amount of the Bonds (and with the consent of the Insurer, if any), the County may, from time to time and at any time, enact, execute, file with the Department and deliver to the Sinking Fund Depository, who shall accept the same, debt ordinances amending, modifying or supplemental hereto for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of this Debt Ordinance or of modifying in any manner the rights of the Registered Owners of the Bonds; provided, however, that no such modifying or supplemental debt ordinance shall: (i) extend the fixed maturity date of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or (ii) reduce the aforesaid percentage of Bonds, the Registered Owners of which are required to consent to any such modification or supplement, without the consent of the Registered Owners of all Bonds then outstanding. It shall not be necessary for the consent of the Registered Owners to approve the particular form of any proposed modification or supplement, if such consent shall approve the substance thereof.

If the County obtains an Insurance Policy for the Bonds, the Insurer's consent shall be required in lieu of the consent of the Registered Owners of the Bonds for all purposes hereunder, absent a default by the Insurer under the Insurance Policy; provided that the consent of the Registered Owners of the Bonds shall be required for any modification or amendment described in clause (i) or (ii) of the preceding paragraph.

Section 7.03. Acceptance of Amendment. The Sinking Fund Depository shall accept any amending, modifying or supplemental debt ordinance which the County is authorized to execute hereunder upon delivery of the following:

- (a) The amending, modifying or supplemental debt ordinance, duly executed with proof of filing with the Department; and
- (b) An opinion of Co-Bond Counsel to the effect that such amending, modifying or supplemental debt ordinance was properly enacted, executed and delivered pursuant to: (i) the provisions of Section 7.01 hereof; or (ii) the provisions of Section 7.02 hereof and that the consent of the Registered Owners of the Bonds required hereunder has been secured, and that, in all events, the enactment, execution and delivery of such debt ordinance complies with all applicable requirements of law, including the Debt Act.

Section 7.04. Effect of Amendment. Upon the execution of any amending, modifying or supplemental debt ordinance pursuant to the provisions of this Article, this Debt Ordinance shall be and be deemed to be amended, modified and supplemented in accordance therewith, and the respective rights, limitation of rights, obligations, duties and immunities of parties hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such amendments, modifications and supplements, and all the terms and conditions of any such debt ordinance shall be and be deemed to be part of the terms and conditions of this Debt Ordinance for any and all purposes.

Section 7.05. Notice of Amendment. Notice, including a summary description, of any amending, modifying or supplemental debt ordinance once effectuated shall be confirmed promptly to all Registered Owners and the Insurer, if any, in the same manner as notices of redemption as in Section 4.03 hereinbefore provided.

ARTICLE 8 -- DISCHARGE OF DEBT ORDINANCE

Section 8.01. Discharge of Debt Ordinance. If the County shall pay or cause to be paid unto the Registered Owners the principal of, the interest on and the premium, if any, on the Bonds, at the times and in the manner stipulated therein, then this Debt Ordinance and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Sinking Fund Depository shall release, cancel and discharge the lien and obligations of this Debt Ordinance and deliver to the County any funds or documents at the time subject to the lien of this Debt Ordinance which may then be in its possession; provided, however, that until such time as full and complete payment is so made, this Debt Ordinance shall be and remain in full force and effect.

Bonds, for the payment or redemption of which cash and/or securities shall have been deposited pursuant to Sections 5250(b) and 5251 of the Debt Act so that such Bonds are no longer deemed "outstanding" for purposes of the Debt Act, shall be deemed to be paid within the meaning of this Article.

In the event that the principal and/or interest due on the Bonds is paid by the Insurer pursuant to the Insurance Policy, the Bonds will remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the County, until full, proper and complete payment and reimbursement is made to the Insurer by the County pursuant to the Insurance Policy.

ARTICLE 9 - [RESERVED]

ARTICLE 10 - FEDERAL SECURITIES LAW COVENANTS

Section 10.01. Compliance in General. The County hereby states its intention to comply, and to facilitate compliance by the Purchaser and other related parties, with all the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), including for this purpose the related body of securities disclosure and anti-fraud laws, both statutory and common; the County represents and covenants that it has undertaken and performed, and will undertake and perform, or, as appropriate, discontinue, upon appropriate instructions of Co-Bond Counsel or otherwise, all those acts necessary and proper for compliance with the Rule, as interpreted by applicable regulations, rulings or other pronouncements of the Securities and Exchange Commission, or other appropriate regulatory body.

Section 10.02. Official Statement. The form of Preliminary Official Statement presented to the County Commissioners and the distribution of a Preliminary Official Statement by the Purchaser is hereby approved, in substantially the form presented to this meeting, with specific provisions inserted therein with respect to the Bonds described therein, subject to the approval of two of the County Commissioners with the advice of Co-Bond Counsel and the Solicitor. The Designated Officers are hereby authorized and directed to execute a final Official Statement, the same with such completions therein from the preliminary document as may be necessary and, provided further, that execution of a certificate concurrently upon, or subsequent to, preparation of the final Official Statement, including any settlement certificate, by a Designated Officer, regarding the truth and accuracy of the final Official Statement is tantamount to execution of the original document and full and sufficient authority for the printing of one or more conformed signatures therein.

Section 10.03. Continuing Disclosure. The County will execute and deliver a Continuing Disclosure Certificate under which it will agree to provide or cause to be provided (i) annual financial information and operating data, and (ii) in a timely manner, to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board, and to the state information depository, notice of certain material events, as defined in the Rule. The Purchaser's obligation to purchase the Bonds is conditioned upon its receipt of the Continuing Disclosure Certificate, at or prior to the delivery of the Bonds, in form and substance reasonably satisfactory to the Purchaser.

ARTICLE 11 - SALE OF BONDS; SETTLEMENT; DISSOLUTION OF THE AUTHORITY

Section 11.01. Award to Purchaser. After due consideration of various factors, including professional assistance, the complexity of the transaction and current market conditions, the County Commissioners hereby determine that a private sale by negotiation of the Bonds is in the best financial interest of the County.

The Bonds are hereby awarded and sold at private sale by negotiation to the Purchaser in accordance with all the terms of the Purchase Proposal (including the price to be paid for the Bonds) which is hereby accepted, and incorporated by reference into this Debt Ordinance. The Designated Officers are authorized and directed to execute such Purchase Proposal, return it to the Purchaser and file a copy of the same with the records of the County.

The sale of the Bonds to the Purchaser pursuant to the Purchase Proposal is conditioned upon the satisfaction of the conditions for the final sale of the Bonds provided in the Purchase Proposal.

Section 11.02. Delivery of Bonds. The Designated Officers are hereby authorized and directed to deliver the Bonds to the Sinking Fund Depository for authentication and thereafter to the Purchaser against confirmed receipt of the Purchase Price thereof.

Section 11.03. Clearing Fund. The Designated Officers are hereby authorized and directed to establish with the Sinking Fund Depository, in the name of the County, a one-day demand deposit account to facilitate the settlement of the Bonds, designated the "Clearing Fund". The Purchase Price shall be deposited into the Clearing Fund immediately upon receipt and the Designated Officers are hereby authorized and directed to transfer and invest funds, to pay all necessary, usual and proper costs of issuance of the Bonds, to execute and deliver such documents and to do all such other acts, upon advice of Co-Bond Counsel and the Solicitor, as are reasonable and necessary to ensure a satisfactory settlement of the sale of the Bonds and a proper application of the proceeds of the Bonds to the Project.

Section 11.04. Expeditious Settlement. The County hereby authorizes and directs Co-Bond Counsel and the Solicitor to undertake and perform all actions on behalf of the County necessary and proper to the expeditious settlement of the sale of the Bonds.

Section 11.05. Dissolution of the Authority. Pursuant to Sections 5619 and 5622 of the Municipality Authorities Act, and subject to the prior sale and delivery of the Bonds, the County hereby directs the Multi-Purpose Authority as follows: (1) to deposit the moneys provided by the County from the proceeds of the Bonds with the trustee for the 2002 Bonds and to take all actions necessary under the trust indenture for the 2002 Bonds for the defeasance of the 2002 Bonds at the earliest possible date therefor; and (2) following the defeasance of the 2002 Bonds, to take all actions required by Section 5619 of the Municipality Authorities Act to dissolve the Multi-Purpose Authority as soon as possible, including, without limitation, to settle all claims which may be outstanding against it. Pending sale and delivery of the Bonds, the Multi-Purpose Authority is prohibited from taking any actions which would prevent the completion of the actions directed in the previous sentence, including, without limitation, the incurrence of any debt or the refinancing or refunding of the 2002 Bonds. The Designated Officers are further authorized and directed to undertake and perform, or cause to be undertaken or performed, all actions necessary to effect the defeasance of the 2002 Bonds and the dissolution of the Multi-Purpose Authority, including, without limitation, execution and delivery of such certificates, orders and agreements as may be necessary therefor, in the opinion of Co-Bond Counsel and the Solicitor.

Section 11.06. Incidental Action. The Designated Officers are further authorized and directed to undertake and perform, or cause to be undertaken or performed, all such ordinary duties of the County (and the same are hereby specifically approved) which may be required under, or reasonably contemplated by, the Purchase Proposal, including, without limitation, application and qualification for certain bond ratings, establishment of bank accounts with authorized depositories for the deposit and management of proceeds of the Bonds and other funds, purchase of necessary investments, retention of professionals, bond printing, and execution and delivery of such certificates, orders and agreements as may be necessary, in the opinion of Co-Bond Counsel and the Solicitor, to settlement of the sale of the Bonds.

ARTICLE 12 - MISCELLANEOUS

Section 12.01. Ratification. The action of the proper officers or agents in advertising a Summary Notice of this Debt Ordinance, as required by law, is ratified and confirmed. The advertisement of the Enactment Notice of this Debt Ordinance is hereby directed.

Section 12.02. Debt Ordinance A Contract. This Debt Ordinance shall be a contract with the Registered Owners, from time to time, of the Bonds.

Section 12.03. Inconsistencies. All prior ordinances, resolutions, or other official acts or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Section 12.04 Statutory References. All references to specific provisions of statutory law herein contained may be read and interpreted by reference to amended, successor or replacement laws, but only to the extent consistent with the intent and clear meaning of this Debt Ordinance. All inconsistencies shall be resolved with recognition of, and in favor of, the rights of the owners of the Bonds, whose rights shall not be impaired.

Section 12.05. Benefited Parties. Nothing in this Debt Ordinance, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the County, the Sinking Fund Depository, the Registered Owners of the Bonds (and the Insurer, if any), any right, remedy or claim under or by reason of this Debt Ordinance or any covenant, condition or stipulation hereof; and all of the covenants, stipulations, promises and agreements in this Debt Ordinance contained by and on behalf of the County shall be for the sole and exclusive benefit of such persons.

Section 12.06. Severability. If any one or more of the covenants or agreements provided in this Debt Ordinance on the part of the County or the Sinking Fund Depository to be performed shall for any reason be held to be illegal or invalid or otherwise contrary to law, then such covenant or covenants or agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements, but shall in no way otherwise affect the validity of this Debt Ordinance.

Section 12.07. No Personal Liability. No covenant or agreement contained in the Bonds or in this Debt Ordinance shall be deemed to be the covenant or agreement of any member, officer, agent, attorney or employee of the County in his individual capacity, and neither the members of the County Commissioners nor any Designated Officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.08. Counterparts. This Debt Ordinance may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; but such counterparts shall constitute but one and the same instrument.

Section 12.09 Effective Date. This Debt Ordinance shall be effective for all purposes upon the last to occur of: (a) seven days following the publication of the notice required by Section 1.3-311 of the County's Home Rule Charter; and (b) ten days after the date hereof.

DULY ADOPTED by the County Commissioners of the County, in lawful session assembled, on February 26, 2004.

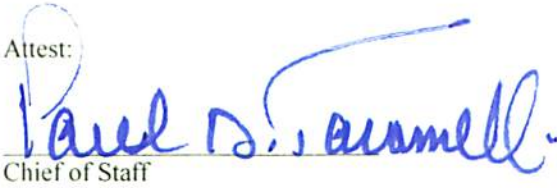
[SEAL]

COUNTY OF LACKAWANNA


Chairman, Board of County Commissioners


Commissioner


Commissioner

Attest:

Chief of Staff


Controller


Treasurer

CERTIFICATE

I, the undersigned, a Designated Officer of the County, hereby certify that the foregoing and attached is a true copy of an Ordinance which was duly adopted by the affirmative vote of a majority of all the members of the County Commissioners thereof at a meeting held on the date of the execution thereof; that due notice of such meeting was given and the meeting was at all times open to the public; that such Ordinance was duly recorded; that this Ordinance is still in full force and effect as of the date hereof; that the vote upon said Ordinance was called and duly recorded upon the minutes of the County Commissioners; and that the members of the County Commissioners voted in the manner following:

	Yes	No	Abstain	Absent
Randy Castellani	_____	_____	_____	_____
AJ Munchak	_____	_____	_____	_____
Robert J. Cordaro	_____	_____	_____	_____

WITNESS my hand and seal of the County this 26th day of February, 2004.

COUNTY OF LACKAWANNA

Paul S. Farnum
Chief of Staff

[SEAL]

Schedule I

Maximum Principal Payable on the Bonds

Lackawanna County Series 2004 Master Financing Maximum Principal: Series E	
Period Ending	Max Amount
12/31/2004	25,000.00
12/31/2005	25,000.00
12/31/2006	25,000.00
12/31/2007	485,000.00
12/31/2008	515,000.00
12/31/2009	545,000.00
12/31/2010	575,000.00
12/31/2011	610,000.00
12/31/2012	650,000.00
12/31/2013	680,000.00
12/31/2014	715,000.00
12/31/2015	755,000.00
12/31/2016	795,000.00
12/31/2017	835,000.00
12/31/2018	875,000.00
12/31/2019	915,000.00
12/31/2020	960,000.00
Total	9,985,000.00

Schedule II

Maximum Debt Service Payable on the Bonds

Schedule II

Lackawanna County
Series 2004 Master Financing
Series E Max Debt Service: Max Principal @ 8%

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2004	25,000.00	8.000%	288,455.56	313,455.56
12/31/2005	25,000.00	8.000%	796,800.00	821,800.00
12/31/2006	25,000.00	8.000%	794,800.00	819,800.00
12/31/2007	485,000.00	8.000%	792,800.00	1,277,800.00
12/31/2008	515,000.00	8.000%	754,000.00	1,269,000.00
12/31/2009	545,000.00	8.000%	712,800.00	1,257,800.00
12/31/2010	575,000.00	8.000%	669,200.00	1,244,200.00
12/31/2011	610,000.00	8.000%	623,200.00	1,233,200.00
12/31/2012	650,000.00	8.000%	574,400.00	1,224,400.00
12/31/2013	680,000.00	8.000%	522,400.00	1,202,400.00
12/31/2014	715,000.00	8.000%	468,000.00	1,183,000.00
12/31/2015	755,000.00	8.000%	410,800.00	1,165,800.00
12/31/2016	795,000.00	8.000%	350,400.00	1,145,400.00
12/31/2017	835,000.00	8.000%	286,800.00	1,121,800.00
12/31/2018	875,000.00	8.000%	220,000.00	1,095,000.00
12/31/2019	915,000.00	8.000%	150,000.00	1,065,000.00
12/31/2020	960,000.00	8.000%	76,800.00	1,036,800.00
Total	9,985,000.00		8,491,655.56	18,476,655.56