

**ORDINANCE # 193**

---

FIRST READING – MAY 14, 2008  
SECOND READING – MAY 28, 2008

---

---

**ORDINANCE AUTHORIZING THE COUNTY OF LACKAWANNA, PENNSYLVANIA TO  
ISSUE GENERAL OBLIGATION NOTES, SERIES A OF 2008 AND FEDERALLY TAXABLE  
GENERAL OBLIGATION NOTES, SERIES B OF 2008, IN ORDER TO REFUND CERTAIN  
OUTSTANDING DEBT AND TO FUND CERTAIN CAPITAL PROJECTS**

---

AN ORDINANCE OF COUNTY OF LACKAWANNA, PENNSYLVANIA (THE "COUNTY"), AUTHORIZING AND DIRECTING ISSUANCE OF GENERAL OBLIGATION NOTES, SERIES A OF 2008, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$87,845,000 (THE "SERIES 2008A NOTES") AND FEDERALLY TAXABLE GENERAL OBLIGATION NOTES, SERIES B OF 2008, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$7,200,000 (THE "SERIES 2008B NOTES" AND TOGETHER WITH THE SERIES 2008A NOTES, COLLECTIVELY, THE "NOTES") , AS PERMITTED BY AND PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 Pa.C.S. § 8001 *ET SEQ.*, AS AMENDED AND SUPPLEMENTED, FOR THE PURPOSE OF PROVIDING FUNDS TO BE APPLIED FOR AND TOWARD A PROJECT CONSISTING OF: (A) REFUNDING OF (I) THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES B OF 2005 AND (II) THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES A OF 2006 AND (III) A PORTION OF THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES A OF 2002; (B) FUNDING VARIOUS CAPITAL PROJECTS; AND (C) PAYING THE COSTS OF ISSUANCE; DETERMINING THAT THE NOTES SHALL BE SOLD AT NEGOTIATED SALE; DETERMINING THAT THE NOTES SHALL BE NONELECTORAL DEBT OF THE COUNTY; ACCEPTING A PROPOSAL FOR PURCHASE OF THE NOTES AND AWARDED THE NOTES; PROVIDING FOR MATURITIES AND INTEREST RATES; APPOINTING A PAYING AGENT, REGISTRAR AND SINKING FUND DEPOSITORY; PROVIDING FOR THE TERMS OF THE NOTES INCLUDING DENOMINATIONS, DATE, INTEREST PAYMENT DATES AND RECORD DATES; PROVIDING FOR THE REGISTRATION AND TRANSFER OF THE NOTES; SETTING FORTH REDEMPTION FEATURES AND PROCEDURES; AUTHORIZING THE EXECUTION AND AUTHENTICATION OF THE NOTES; COVENANTING TO PAY DEBT SERVICE AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER FOR THE PAYMENT OF THE NOTES; CREATING A SINKING FUND IN CONNECTION WITH THE NOTES AS REQUIRED BY SAID ACT; APPROPRIATING PROCEEDS OF THE NOTES; DESCRIBING THE CAPITAL PROJECTS FOR WHICH DEBT OF THE COUNTY EVIDENCED BY THE NOTES IS TO BE INCURRED AND SPECIFYING A REASONABLE ESTIMATE OF THE USEFUL LIFE OF EACH OF SAID CAPITAL PROJECTS; RESTATING THE USEFUL LIVES OF THE PROJECTS FUNDED OR REFUNDED BY THE BONDS TO BE REFUNDED AS DESCRIBED ABOVE; SETTING FORTH CERTAIN COVENANTS RELATING TO THE NON-ARBITRAGE STATUS OF THE NOTES; RATIFYING PRIOR ADVERTISEMENT AND DIRECTING FURTHER ADVERTISEMENT; AUTHORIZING AND DIRECTING THE PREPARATION, EXECUTION AND FILING OF A TRANSCRIPT OF PROCEEDINGS, INCLUDING A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZING AND DIRECTING THE OFFICERS AND OFFICIALS OF THE COUNTY TO EXECUTE AND DELIVER DOCUMENTS AND

WHEREAS, the Board of Commissioners of the County has determined to undertake a capital project consisting of completion of improvements to the Courthouse, construction of improvements to the County's Administrative Building and DPW Building and to fund a portion of the costs of improvements to the parking garage situated at Scranton-Wilkes-Barre International Airport (collectively, the "2008 Capital Project"), at a total estimated cost of \$5,300,000; and

WHEREAS, the Board of Commissioners of the County desires to issue its General Obligation Notes, Series A of 2008 (the "Series 2008A Notes") in order to obtain funds to (A) refund the outstanding Series 2005B Bonds and the outstanding Series 2006A Bonds (the "2008A Notes Refunding Project"), (B) pay the costs of the 2008 Capital Project and (C) to pay the costs of issuance of the Series 2008A Bonds; and

WHEREAS, the Board of Commissioners of the County desires to issue its Federally Taxable General Obligation Notes, Series B of 2008 (the "Series 2008B Notes") in order to obtain funds to refund a portion of the outstanding Series 2002A Bonds and to pay the costs of issuance of the Series 2008B Notes (the "2008B Notes Refunding Project"); and

WHEREAS, PNC Capital Markets, LLC, Wilkes-Barre, Pennsylvania (the "Purchaser") has presented to the County a written contract as its proposal for the purchase of the Series 2008A Notes and Series 2008B Notes (the "Purchase Contract"); and

WHEREAS, the County desires to accept the Purchase Contract, approve the form of the Series 2008A Notes and Series 2008B Notes and to authorize such further action by its officers consistent with this Ordinance, the Debt Act, and all other applicable law.

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 1 - DEFINITIONS

In addition to the words and terms defined elsewhere in this Ordinance, unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Debt Ordinance, have the meanings hereby ascribed to them. Terms defined in Appendix I shall, for all purposes of this Debt Ordinance have the meaning ascribed to them therein. 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.

"Authorized Denomination" shall be as set forth in Appendix I.

"Bond Counsel" means Eckert Seamans Cherin & Mellott, LLC, with offices in Philadelphia, Pittsburgh and Harrisburg, 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.

“Sinking Fund Depository” means Community Bank National Association, d/b/a First Liberty Bank and Trust, 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 Wilkes-Barre, Pennsylvania.

“Solicitor” means John O’Brien, Esq of Clarks Summit, Pennsylvania.

“Tax Code” means Sections 103 and 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended, and the regulations promulgated by the Internal Revenue Service thereunder.

“Tax Compliance Certificate” means one or more certificates to be executed on behalf of the County upon the issuance of the Notes to evidence the agreement of the County to comply with the Tax Code.

## ARTICLE 2 - AUTHORIZATION OF DEBT

Section 2.01. Incurrence. The County hereby authorizes and directs the incurrence of nonelectoral debt in an amount not to exceed \$95,045,000 for the purposes of the Project; such debt shall be evidenced by the Notes, 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 Notes shall consist of two series; i.e. General Obligation Notes, Series A of 2008, in the aggregate principal amount not to exceed \$87,845,000, and Federally Taxable General Obligation Notes, Series B of 2008, in the aggregate principal amount not to exceed \$7,200,000. The Notes shall bear interest pursuant to the terms of Appendix I, initially at the Weekly Rate, with a maximum interest rate for the Notes not to exceed 12% (or \_\_\_% for Purchased Notes). The Notes shall mature and/or be subject to mandatory redemption in each fiscal year in the maximum amounts set forth on Schedule II attached hereto; provided, that if any Notes are Purchased Notes, the maximum principal amount thereof maturing or subject to mandatory redemption in any year following purchase of such Notes shall not exceed the amount shown for such year on Schedule III.

The Chairman of the County Commissioners is hereby authorized to approve the maturity dates and amounts and the mandatory redemption dates and amounts for the Notes, and the permitted optional redemption dates and redemption prices; provided, that the maximum principal amount of the Notes maturing or subject to mandatory redemption in any fiscal year shall not exceed the amount shown on Schedule II for such fiscal year. Such approval shall be evidenced by insertion of the proper maturity and redemption provisions into the definitive Notes as delivered to the Purchaser in accordance with the provisions hereof.

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 with the Department of Community and Economic Development (the “Department”) all proceedings of the County relative to this incurrence of debt 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 Notes.

Section 2.04. Combining Projects; Stated Maturity Dates; Cost Estimates; Useful Life. The County hereby determines to combine the 2008 Capital Project, the 2008A Refunding Project and the 2008B Refunding Project for purposes of the Debt Act.

Section 3.03. Deposits into Sinking Fund. The County covenants with the owners of the Notes, and a Designated Officer (according to the duties specified in Section 8223 of the Debt Act) is hereby authorized and directed, to transfer directly from taxes or other revenues of the County or to withdraw from the General Fund and to deposit into the Sinking Fund on the dates and in the amounts provided in the Insurance Agreement, if any, but in no event later than 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 Notes then outstanding; and (b) the principal of the Notes then maturing or subject to redemption.

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 as permitted by the Debt Act.

Section 3.05. 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, Tender Agent and Registrar for the Notes. 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, Tender Agent and Registrar in respect of the Notes, 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. The County hereby agrees to comply with the provisions of the Paying Agent Agreement.

Section 3.06. Additional Funds. The County hereby authorizes and directs the Sinking Fund Depository to establish such other accounts as may be required by the provisions of Appendix I, as may be required by Bond Counsel in the Tax Compliance Certificate or as may be authorized by Sections 11.03 and 11.06.

Section 3.07. Insurance Policy. The Designated Officers are hereby authorized to obtain an Insurance Policy from Financial Security Assurance Inc. or another appropriate bond insurer and to purchase the Insurance Policy with the proceeds of the Notes. In addition, the Designated Officers are hereby authorized to execute and deliver, with the advice of Bond Counsel and the Solicitor, the Insurance Agreement with the Insurer reflecting any agreements required by the Insurer as a condition to issuing the Note Insurance Policy. The County hereby agrees to comply with the provisions of the Insurance Agreement including, but not limited to, the payment of any annual premiums due the Insurer under the Insurance Agreement and any reimbursement to the Insurer provided therein.

Section 3.08. Liquidity; Letter of Credit. The Designated Officers are hereby authorized to obtain a letter of credit, liquidity facility or standby bond purchase agreement with a bank or other appropriate financial institution for the Notes and, with the advice of Bond Counsel and the Solicitor, to enter into an appropriate agreement therefor with such provider.

#### ARTICLE 4 - TERMS AND PROVISIONS OF THE NOTES

Section 4.01. Form of the Notes. The Notes shall be substantially in the form set forth in Exhibit A. with appropriate modifications, insertions and omissions.

Section 4.02. Optional Redemption and Mandatory Redemption. The Notes are subject to mandatory redemption on the dates and in the amounts determined pursuant to Section 2.01 hereof at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date of redemption. The Notes are subject to optional redemption as determined pursuant to Section 2.01 hereof.

Section 4.03. Notices, Selection of Notes 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 Notes to be redeemed at the addresses which appear in the Note 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 Note shall affect the validity of the proceedings for the redemption

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 Notes 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 Notes; 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 Notes; 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 Notes; or (6) any consent given or other action taken by the Securities Depository as Registered Owner. So long as the Notes 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 Notes. 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 Notes. The book-entry system for registration of the ownership of the Notes 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 Notes; 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 Notes 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 the Notes, and to effect transfers of the Notes, 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 Notes. The Notes will also carry CUSIP numbers as a convenience to owners.

**Section 4.05. Interest Payments.** The Notes will bear interest, payable in arrears, initially on each Interest Payment Date for the respective preceding period; provided, that interest may be paid from an Interest Payment Date next preceding the date of a Note except when the date of such Note is a date to which interest has been so paid, then from the date of such Note, or when either (1) the date of such Note 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 Note 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 Note 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 Notes 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 Notes not less than ten days prior to such date.

benefits of this Debt Ordinance with all other Notes issued hereunder, and all limitations and debt limits imposed by the Debt Act shall be increased to the extent necessary to validate such new Notes.

**ARTICLE 5 - CONCERNING THE SINKING FUND DEPOSITORY; OTHER APPOINTMENTS REGARDING THE NOTES**

Section 5.01. Maintenance of Sinking Fund; Other Duties. 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 Notes, as and when the same shall become due, to the Registered Owners thereof. The Sinking Fund Depository shall also perform such duties as Paying Agent, Tender Agent and Registrar required by Appendix I.

Section 5.02. 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 Notes by acceptable fund transfers and the delivery of adequate redemption and other payment notices.

Section 5.03. 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 5.04. Ownership of Notes. The Sinking Fund Depository, in its individual capacity or as a fiduciary, may become the owner of Notes, 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 Notes.

Section 5.05. 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 Notes.

Section 5.06. 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 Notes, if any, or, in all events, according to its usual, customary and reasonable schedule of fees and other charges.

Section 5.07. Removal; Resignation. The Sinking Fund Depository shall serve in such capacity at the will of the County and may be removed, provided that the County is not in default in the payment of principal or interest on the Notes, 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 Notes and to the Sinking Fund Depository. Moreover, but if, and only in the event that, the payment of the Notes has been insured to the Registered Owners thereof by a duly issued and outstanding Insurance Policy, then the

**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 Notes (which modifying or supplemental debt ordinances shall thereafter form a part hereof) for the following purposes, with the consent of the Insurer, if any, and the Standby Purchaser, if any: (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 Notes 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 Notes, 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 Notes (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 Notes; provided, however, that no such modifying or supplemental debt ordinance shall: (i) extend the fixed maturity date of any Note, 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 Note so affected; or (ii) reduce the aforesaid percentage of Notes, the Registered Owners of which are required to consent to any such modification or supplement, without the consent of the Registered Owners of all Notes 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 Notes, the Insurer's consent shall be required in lieu of the consent of the Registered Owners of such series of Notes for all purposes hereunder, absent a default by the Insurer under the Insurance Policy relating to such series of Notes; provided that the consent of the Registered Owners of such series of Notes shall be required in addition to the consent of the Insurer 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 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 any consent of the Registered Owners of the Notes or the Insurer 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.

**Section 10.03. Continuing Disclosure.** The County will, if required by the Purchaser, 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 Notes is conditioned upon its receipt of the Continuing Disclosure Certificate, at or prior to the delivery of the Notes, in form and substance reasonably satisfactory to the Purchaser.

#### **ARTICLE 11 - SALE OF BONDS; SETTLEMENT; REFUNDINGS**

**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 Notes is in the best financial interest of the County. The Notes 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 Notes) 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 Notes to the Purchaser pursuant to the Purchase Proposal is conditioned upon the satisfaction of the conditions for the final sale of the Notes provided in the Purchase Proposal.

**Section 11.02. Delivery of Notes.** The Designated Officers are hereby authorized and directed to deliver the Notes 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, an account to facilitate the settlement of the Notes, 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 Notes, to execute and deliver such documents and to do all such other acts, upon advice of Bond Counsel and the Solicitor, as are reasonable and necessary to ensure a satisfactory settlement of the sale of the Notes and a proper application of the proceeds of the Notes to the Project.

**Section 11.04. Escrow Deposit Agreements; Purchase of Investments.** The Designated Officers are hereby authorized to take all such actions as necessary to implement the Project, including, but not limited to: (i) executing and delivering, with the advice of Bond Counsel and the Solicitor, one or more escrow deposit agreements; (ii) giving such notices as are required of the redemption or defeasance of the Refunded Bonds; (iii) executing (or to causing to be executed) an initial and final Subscription for Purchase and Issue of United States Treasury Securities-State and Local Government Series, and any related certification, each in form and substance satisfactory to Bond Counsel; (iv) to select one or more brokers to solicit bids for and to purchase open market federal securities; (v) to execute and deliver any agreement, including a forward float or other similar agreement, relating to the purchase of securities for deposit in the escrow accounts established by the escrow deposit agreements; (vi) to contract with a verification agent to produce a report relating to the sufficiency of the escrow for the Refunded Bonds and the yield on the Notes and such escrow.

**Section 11.05. Expeditious Settlement.** The County hereby authorizes and directs 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 Notes.

**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 Notes and other funds, purchase of necessary investments, retention of professionals, bond

**Schedule I  
Refunded Bonds**



This Note is one of a duly authorized series of Notes, designated "General Obligation Notes, Series A of 2008" of the County (the "Notes"), issued in accordance with Local Government Unit Debt Act of the General Assembly of the Commonwealth, 53 Pa.C.S. § 8001 *et seq.*, as amended (the "Debt Act"), pursuant to all the terms and provisions of the formal action of the County (the "Debt Ordinance"), and with the approval of the Department of Community and Economic Development of the Commonwealth. Terms used but not defined herein shall have the meaning set forth in the Debt Ordinance.

[INSERT INTEREST RATE PROVISIONS FOR INITIAL RATE MODE]

Interest payable on any Interest Payment Date will be paid to the person in whose name this Note is registered at the close of business on the Record Date for such Interest Payment Date. Any such interest which is not deposited with the Sinking Fund Depository on or before any such Interest Payment Date for payment to the Registered Owner of record on the Record Date will forthwith cease to be payable to such Registered Owner on the Record Date, and will be paid to the person in whose name this Note is registered on a Special Record Date for the payment of such defaulted interest to be fixed by the Sinking Fund Depository, notice of which shall be given to all Registered Owners not less than 10 days prior to such Special Record Date.

The Notes maturing on \_\_\_\_\_, 20\_\_ are subject to mandatory redemption on of the years and in the amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date of redemption: Year Amount

[INSERT APPROPRIATE OPTIONAL REDEMPTION PROVISIONS FOR INITIAL MODE]

If less than all of the Notes of like maturity of a series of Notes shall be called for prior redemption, the particular Notes or portions of Notes to be redeemed shall be selected at random by the Sinking Fund Depository in such manner as the Sinking Fund Depository in its discretion may deem fair and appropriate.

Notice of redemption of any Note will be given to the Registered Owner of such Note by first class mail, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Debt Ordinance. A portion of a Note of a denomination larger than an Authorized Denomination may be redeemed, and in such case, upon the surrender of such Note, there will be issued to the Registered Owner thereof, without charge therefor, a registered Note or Notes for the unredeemed balance of the principal amount of such Note, all as more fully set forth in the Debt Ordinance. If notice of redemption has been duly given, the Notes or portions thereof specified in that notice become due and payable at the applicable redemption price on the designated redemption date, and if, on such date, moneys are held by the Sinking Fund Depository for the payment of the redemption price of the Notes to be redeemed, together with interest to the date fixed for redemption, then from and after such date interest on such Notes ceases to accrue.

[INSERT APPROPRIATE TENDER PROVISIONS]

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

This Note may be transferred or exchanged only on the Register maintained by the County at the designated office of the Sinking Fund Depository upon surrender hereof by the Registered Owner at such office duly endorsed by, or accompanied by a written instrument of transfer duly executed by, the Registered Owner or his duly authorized agent or legal representative, in each case, in form and with a guaranty of signature satisfactory to the County and the Sinking Fund Depository. No service charge shall be imposed on any Registered Owner of any Note for any transfer or exchange of any Note, but the County may require payment of any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes.



[TEXT OF BOND INSURANCE LEGEND, IF ANY]

Form of Note 6

## FORM OF SERIES B NOTE

THE COUNTY OF LACKAWANNA  
(PENNSYLVANIA)  
FEDERALLY TAXABLE GENERAL OBLIGATION NOTE, SERIES B OF 2008

DATED DATE	MODE	MATURITY DATE	CUSIP
[Dated Date]			

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The County of Lackawanna (Pennsylvania) (the "County"), a political subdivision of the Commonwealth, duly organized and validly existing under the Constitution and laws of the Commonwealth, for value received and intending to be legally bound, hereby acknowledges itself indebted and promises to pay, as a general obligation of the County, to the Registered Owner hereof, on the Maturity Date stated above, upon presentation and surrender hereof (unless this Note, if redeemable, has been duly called for previous redemption and payment of the redemption price made or provided for) the Principal Amount stated above and to pay interest thereon at the Interest Rate calculated as set forth below, on each Interest Payment Date (as defined in the Debt Ordinance described below) in each year during the term of this Note from the most recent Interest Payment Date, respectively, to which interest has been paid or provided for (or from the Dated Date if no interest has been paid) beginning on the Dated Date stated above, until full payment of the Principal Amount to the Registered Owner has been made or provided for. [INSERT APPROPRIATE INTEREST ACCRUAL PROVISIONS].

The principal of, interest on, and premium, if any, on this Note are payable in the coin or currency of the United States of America that is, at the time and place of payment, legal tender for payment of public and private debts, at the corporate trust office of Community Bank National Association, d/b/a First Liberty Bank and Trust in Wilkes-Barre, Pennsylvania, in its capacity as Sinking Fund Depository, Paying Agent and Registrar (the "Sinking Fund Depository"); provided that, absent written demand by the Registered Owner, received by the Sinking Fund Depository not later than the Record Date, periodic payments of current interest will be made by check or draft drawn on the Sinking Fund Depository and mailed, first class, postage prepaid, to the Registered Owner on the appropriate Record Date at the address that appears on the Register described below, and that payment of principal will be made in like manner following presentation at the offices of the Sinking Fund Depository. At the election of any registered owner of at least \$1,000,000 of principal amount of Notes, interest on and principal of the Notes 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.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COUNTY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

This Note will not be valid or become obligatory for any purpose unless the Certificate of Authentication is signed by the manual signature of an authorized signatory of the Sinking Fund Depository.

This Note is one of a duly authorized series of Notes, designated "General Obligation Notes, Series B of 2008" of the County (the "Notes"), issued in accordance with Local Government Unit Debt Act of the General

Subject to the provisions of this Note and of the Debt Ordinance, the Sinking Fund Depository may treat the Registered Owner of this Note as the absolute owner hereof, for all purposes, whether or not this Note shall be overdue, and neither the County nor the Sinking Fund Depository shall be affected by any notice to the contrary.

This Note is hereby declared to be a general obligation of the County. The County hereby covenants with the Registered Owner of this Note to include the amount necessary to pay the debt service hereon, in each fiscal year for which such sums are due, in its budget for that year, to appropriate such amounts from its general revenues to the payment of such debt service and to duly and punctually pay or cause to be paid from its Sinking Fund or any other of its revenues or funds the principal of this Note and the interest hereon on the dates, at the place and in the manner stated herein, according to the true intent and meaning hereof.

It is hereby certified that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in the issuance of this Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, together with all other indebtedness of the County, is within every debt and other limit applicable to the County prescribed by the Constitution and the laws of the Commonwealth; that the County has established with the Sinking Fund Depository a Sinking Fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations under this Note, the full faith, credit and taxing power of the County are hereby irrevocably pledged.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the County, as such, either directly or through the County, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance and acceptance of this Note.

IN WITNESS WHEREOF, the County has caused this Note to be duly executed in its name by the facsimile signature of the Chairman of the County Commissioners, its Controller and its Treasurer, together with a facsimile of its corporate seal affixed hereto duly attested by the facsimile signature of its Administrative Director, and dated as of the Date of its Authentication.

COUNTY OF LACKAWANNA

By: /s/ Designated Officer  
Chairman, Board of County Commissioners

ATTEST:

By: /s/ Designated Officer  
Controller

/s/ Designated Officer  
Administrative Director

By: /s/ Designated Officer  
Treasurer

[SEAL]

CERTIFICATE OF AUTHENTICATION

This Note is one of the issue of \$ \_\_\_\_\_ County of Lackawanna (Pennsylvania), General Obligation Notes, Series B of 2008 authorized by the within-mentioned Debt Ordinance. The Text of Opinion contained herewith is the text of the opinion of Bond Counsel, an executed counterpart of which, dated the date of delivery of and payment for the Notes, is on file at the offices of the Sinking Fund Depository.

[OPINION OF BOND COUNSEL]

Form of Note 12

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Please insert Social Security  
or other identifying number  
of assignee

\_\_\_\_\_  
Please print or typewrite name and address  
including postal zip code of transferee

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ Agent to transfer the within Note on the books kept for registration  
thereof, with full power of substitution in the premises.

Dated

Signature(s) Guaranteed:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
NOTICE: Signature(s) must be  
guaranteed by a member firm of  
an approved Signature Guarantee  
Medallion Program.

\_\_\_\_\_  
NOTICE: The signature(s) to  
this assignment must  
correspond with the name(s) as  
written upon the face of the  
Note, in every particular,  
without alteration or  
enlargement, or any change  
whatever.

\_\_\_\_\_

\_\_\_\_\_

**APPENDIX I****Multi-Modal Provisions****Article I****Definitions**

Section 101. Definitions. The following terms, for all purposes of this Appendix I, shall have the meanings set forth below. All other capitalized terms that are used as defined terms herein, unless the context clearly requires otherwise, shall have the meanings assigned thereto in the Debt Ordinance.

“Alternate Standby Agreement” shall mean an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement providing for the purchase of any Liquidity Enhanced Notes of a Series, as amended, supplemented or extended from time to time.

“Authorized Denominations” shall mean, with respect to any Multi-Modal Note bearing interest at a Fixed Interest Rate, \$5,000 and any integral multiple thereof; \$25,000 and any integral multiple thereof; and, with respect to any Multi-Modal Note bearing interest at a Weekly Interest Rate or a Short-Term Interest Rate, \$100,000 and any integral multiple of \$5,000 in excess thereof.

“Authorized Officer” shall mean the Designated Officers, and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“Available Moneys” shall mean (a) moneys drawn under the Standby Agreement which either are applied directly to the payment of the purchase price of the Liquidity Enhanced Notes of a Series or which, if not so applied, are held in a separate and segregated account until so applied, (b) proceeds of the Liquidity Enhanced Notes of a Series received contemporaneously with the issuance and sale of the Liquidity Enhanced Notes of such Series and held by a Fiduciary at all times after receipt in a separate and segregated account for the Liquidity Enhanced Notes of such Series in which only Available Moneys are at any time held, (c) proceeds of the remarketing of Liquidity Enhanced Notes to a purchaser other than the County, (d) moneys which have been on deposit with a Fiduciary as agent and bailee for the Owners of the Liquidity Enhanced Notes of such Series for 123 days during which no petition in bankruptcy is pending or has been filed by or against the County under the United States Bankruptcy Code or any successor code, and (e) any other money the application of which would not, in the written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the County, the Rating Agencies, if any, and the Paying Agent and delivered to the Fiduciaries, constitute a voidable preference in the case of the bankruptcy of the County.

“Beneficial Owner” shall mean, when the Notes are in book-entry system, any person who acquires a beneficial ownership in the Notes held by the Securities Depository.

“BMA Index” shall mean on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Note Market Association (“BMA”) or any person acting in cooperation with or under the sponsorship of BMA

“Noteholder” or “Holder” or “Owner” shall mean any person who shall be the registered owner of any Note or Notes.

“Business Day” shall mean a day (i) other than a day on which banks located in the City of New York, New York or the cities in which the designated corporate trust offices of the Paying Agent or the Tender Agent, and the designated offices of the Remarketing Agent, the Insurer or the Standby Purchaser are located, are required or authorized by law or executive order to close, and (ii) on which the New York Stock Exchange is not closed.

**"Liquidity Enhanced Notes"** shall mean the Multi-Modal Notes in the Weekly Interest Rate Period or the Short-Term Interest Rate Period.

**"Maximum Rate"** shall mean (a) as to the Multi-Modal Notes of each Series other than Purchased Notes, twelve percent (12%) per annum and (b) as to Purchased Notes, twenty-five percent (25%) per annum.

**"Multi-Modal Notes"** shall mean any Notes designated to bear interest pursuant to the provisions of this Appendix I.

**"Participant"** shall mean one of the entities which are a member of the Securities Depository and deposits securities, directly or indirectly, in the book-entry system.

**"Paying Agent"** shall mean the Sinking Fund Depository acting in its capacity as Paying Agent, or such other Paying Agent as may be appointed by the County.

**"Payment Default"** shall mean a failure by the County to pay interest on or principal of a series of Multi-Modal Notes, as and when due.

**"Purchase Account"** shall mean the Account so designated and established within the Purchase and Remarketing Fund.

**"Purchase and Remarketing Fund"** shall mean the Fund so designated and established by Section 503.

**"Purchased Notes"** shall mean any Liquidity Enhanced Notes of a Series purchased by the Standby Purchaser for such Series for so long as such Liquidity Enhanced Notes bear interest at the Purchased Note Rate (whether or not debt service thereon is paid by the Insurer under the Insurance Policy).

**"Purchased Note Rate"** shall, at any date of determination, mean the interest rate per annum for Purchased Notes determined pursuant to the provisions of the Standby Agreement in effect on such date; provided, however, that in no event shall the Purchased Note Rate exceed the Maximum Rate.

**"Rating Confirmation Notice"** shall mean a written notice from each of the Rating Agencies that as of the effective date of the Alternate Standby Agreement for a Series, the short-term ratings on the Liquidity Enhanced Notes of such Series will not be lowered or withdrawn from the then current rating as a result of action proposed to be taken by the County (without giving effect to the existence of the Insurance Policy with respect to the ratings on such Series).

**"Record Date"** shall mean, as to the Multi-Modal Notes, with respect to each Interest Payment Date for Multi-Modal Notes bearing interest at a Fixed Interest Rate, the 15th day of the calendar month immediately preceding such Interest Payment Date, with respect to each Interest Payment Date for Multi-Modal Notes bearing interest at a Weekly Interest Rate, the last Business Day preceding such Interest Payment Date, and with respect to each Interest Payment Date for Multi-Modal Notes bearing interest at a Short-Term Interest Rate, the last Business Day preceding such Interest Payment Date.

**"Registrar"** shall mean the Paying Agent.

**"Remarketing Agent"** shall mean, as to any Liquidity Enhanced Notes, the Remarketing Agent or Remarketing Agents appointed for a particular Series of the Liquidity Enhanced Notes and qualified pursuant to Article VII hereof. Any reference in this Appendix I to the duties and obligations of a Remarketing Agent with respect to particular Liquidity Enhanced Notes shall be deemed to refer to only the Remarketing Agent with respect to such particular Series of Liquidity Enhanced Notes.

**"Remarketing Agreement(s)"** shall mean, as to any Liquidity Enhanced Notes, initially, any Remarketing Agreement(s), between the County and the Remarketing Agent(s), and any amendments and supplements thereto and, subsequently, any similar agreement between the County and any successor Remarketing Agent, and any amendments and supplements thereto, in each case as approved by the Insurer.

provided in Section 207; (iii) bearing interest at a Fixed Interest Rate, shall bear interest as provided in Section 207, and (iv) constituting Purchased Notes shall bear interest at the Purchased Note Rate.

(c) Interest on the Multi-Modal Notes shall be payable as provided in the Debt Ordinance, provided that interest on any Liquidity Enhanced Notes that constitute Purchased Notes shall be payable to the Standby Purchaser or the Insurer to the extent paid by the Insurer.

(d) Notwithstanding any other provision of the Debt Ordinance, this Appendix or the Notes, so long as the Notes are in a book-entry system and the Securities Depository is the registered owner of the Notes:

(i) Presentation of Liquidity Enhanced Notes to the Tender Agent at redemption or at maturity, or delivery of Liquidity Enhanced Notes to the Tender Agent in connection with a purchase of tendered bonds, shall be deemed made to the Tender Agent when the right to exercise ownership rights in the Liquidity Enhanced Notes through the Securities Depository or a Participant is transferred by the Securities Depository on its books to the account of the Tender Agent.

(ii) Notes purchased by the County shall be cancelled.

(iii) Notwithstanding anything in this Appendix I to the contrary, so long as the bookentry system is in effect with respect to the Liquidity Enhanced Notes, every remarketing of the Liquidity Enhanced Notes (or any portions thereof) by the Remarketing Agent and all purchases and transfers of beneficial ownership interests in the Liquidity Enhanced Notes by the Tender Agent shall be conducted in accordance with such book-entry system as such book-entry system shall be revised from time to time.

(e) The Paying Agent is serving as Registrar and Paying Agent for the Notes.

**Section 202. Interest Rates for Multi-Modal Notes; Computation of Interest on Multi-Modal Notes.**

(a) Initially, the Multi-Modal Notes of each Series shall bear interest at a Weekly Rate and shall be subject to a Weekly Interest Rate Period (unless and until converted).

(b) The interest rates contained in the records of the Paying Agent shall be conclusive and binding, absent manifest error, upon the County, the Remarketing Agent, the Paying Agent, the Standby Purchaser, the Insurer, and the Owners.

(c) Notwithstanding anything contained herein to the contrary, in no event shall the rate of interest on any Multi-Modal Note exceed at any time the Maximum Rate.

(d) Notwithstanding anything contained herein to the contrary, in no event shall any Owner be entitled to receive any interest payment with respect to any Multi-Modal Note in excess of the amount permitted by any applicable usury or similar law.

(e) Interest on the Multi-Modal Notes shall be computed, in the case of the Fixed Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of a Weekly Interest Rate Period or a Short-Term Interest Rate Period, on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed.

**Section 203. Conversion of Multi-Modal Notes.**

(a) Subject to the conditions described in Section 203(b), Section 204, Section 205 and Section 405, by written direction delivered to the Paying Agent, the Registrar, the Tender Agent and the Remarketing Agent for the applicable Series, the County may elect at any time to convert all or a portion of any Series of the Outstanding Multi-Modal Notes to a Fixed Interest Rate to maturity, or to or from a Weekly Interest Rate, or to or from a Short-Term Interest Rate. In the event of any conversion of less than all of a Series of the Multi-Modal Notes, the Notes to be so converted shall be selected by the Registrar by lot, and a separate CUSIP number shall be obtained therefor;

Interest Rate Period; (iii) that on the first day of the new Interest Rate Period all such Multi-Modal Notes of such Series shall be purchased or deemed purchased as provided in Section 302 (a) at a purchase price equal to the principal amount thereof, plus accrued interest, if any; and (iv) the procedures for such purchase. A form of such notice shall be provided to the Registrar by the County.

Section 205. Conditions to Conversion. A conversion to a new Interest Rate Period for all or a portion of a Series of the Multi-Modal Notes shall not take place unless the County shall deliver, or cause to be delivered, to the Paying Agent, the Insurer, the Tender Agent and the Remarketing Agent two Favorable Opinions of Note Counsel, the first to be delivered with the direction specified in Section 203 and the second to be delivered on the effective date of the new Interest Rate Period. If such opinion is not received on the proposed effective date of the new Interest Rate Period, then all such Multi-Modal Notes of such Series shall be purchased or deemed purchased on such date and all such Multi-Modal Notes of such Series shall continue to be in the prior Interest Rate Period.

In addition, a conversion to a Weekly Interest Rate Period or to a Short-Term Interest Rate Period shall not take place unless the County shall deliver, or cause to be delivered, to the Paying Agent, the Insurer, the Tender Agent (if applicable) and the Remarketing Agent a Standby Agreement, or an amendment thereto, providing for interest coverage for a period of time acceptable to the Insurer and the Rating Agencies for any such Series to be so converted. After conversion to a Fixed Interest Rate Period for a Series of Multi-Modal Notes, no Standby Agreement shall be required for any such Series during any such Interest Rate Period.

Section 206. Interest Payment Dates for Multi-Modal Notes. Interest on the Multi-Modal Notes of each Series shall be payable (i) on the initial Interest Payment Date therefor, for the period commencing on the date of initial authentication and delivery of the Multi-Modal Notes and ending on the date immediately preceding such initial Interest Payment Date, and (ii) thereafter, on each Interest Payment Date for such Series for the period commencing on the immediately preceding Interest Accrual Date to which interest has been paid in full or duly provided for and ending on the day immediately preceding such Interest Payment Date.

Section 207. Interest Rates on Multi-Modal Notes.

(a) During each Weekly Interest Rate Period for any Multi-Modal Notes, as provided in Section 202, such Multi-Modal Notes shall bear interest at the Weekly Interest Rate. During each Short-Term Interest Rate Period for any Multi-Modal Notes, each Multi-Modal Note shall bear interest at the applicable Short-Term Interest Rate. During the Fixed Interest Rate Period for any Multi-Modal Notes, such Multi-Modal Notes shall bear interest at the Fixed Interest Rate.

The interest rate on the Multi-Modal Notes of a Series during any Weekly Interest Rate Period or Short-Term Interest Rate Period shall be established from time to time as a rate equal to the rate determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Multi-Modal Notes of such Series, would enable the Remarketing Agent to sell the Multi-Modal Notes of such Series at the time the interest rate is being determined at a price equal to the principal amount thereof plus accrued interest, if any. The determination of each Weekly Interest Rate, any Short-Term Interest Rate and any Fixed Interest Rate by the Remarketing Agent shall be conclusive and binding upon the Paying Agent, the Standby Purchaser, the Insurer of the Multi-Modal Notes of such Series, the County, the Tender Agent, and the Owners of such Multi-Modal Notes, absent manifest error.

(b) During each Weekly Interest Rate Period, the Notes of a Series in such Weekly Interest Rate Period shall bear interest at a Weekly Interest Rate, which shall be determined in accordance with Section 207(a) by the Remarketing Agent by 5:00 p.m. (New York City time) on Wednesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such

Agent is hereby directed to pay from available funds on deposit in the Debt Service Fund the amount described in the next preceding sentence to the Standby Purchaser on such Interest Payment Date, to the extent not otherwise paid as interest on such Purchased Notes.

(ii) Promptly upon being notified of any date of remarketing of Purchased Notes, but in any case not earlier than such date, the Standby Purchaser shall notify the Paying Agent of the amount of the interest accrued on the Purchased Notes, calculated at the Purchased Note Rate (which shall not exceed the Maximum Rate), provided that the failure of the Standby Purchaser to so notify the Paying Agent shall not relieve the County of its obligation to pay interest on such Purchased Notes at the Purchased Note Rate. The Paying Agent is hereby directed to pay from funds available in the Debt Service Fund the amount described in the next preceding sentence to the Standby Purchaser on the date of remarketing, to the extent not otherwise paid as interest on such Purchased Notes.

(iii) So long as the Multi-Modal Notes remain in the book-entry system, the Paying Agent shall pay interest due on Purchased Notes (which shall not exceed the Maximum Rate), at the rate at which interest accrued on the Notes of such Series other than Purchased Notes, in accordance with Section 201 and, to the extent interest accrued on the Purchased Notes at a rate in excess of such rate, to pay such excess by wire transfer of immediately available funds to the Standby Purchaser. So long as the Multi-Modal Notes are not maintained in such book-entry system, the Paying Agent shall pay interest due on Purchased Notes by wire transfer of immediately available funds to the Standby Purchaser.

(iv) Payment of the principal at maturity or on redemption in whole or in part of Purchased Notes shall be made (1) while the book-entry system is not in effect, only upon presentation and surrender of such Multi-Modal Notes to the Paying Agent, and the Tender Agent or its nominee shall so present and surrender such Multi-Modal Notes for payment when due, and (2) while the book-entry system is in effect, in accordance with the procedures established by the Securities Depository.

(h) The Remarketing Agent shall provide the Paying Agent, the Registrar, the Tender Agent, the applicable Insurer, the applicable Standby Purchaser and the County with notice by Electronic Means of each Weekly Interest Rate, each Short-Term Interest Rate and each Fixed Interest Rate promptly after the determination thereof by the Remarketing Agent.

### Article III

#### Tender and Purchase of Multi-Modal Notes

Section 301. Right of Weekly Interest Rate Noteholders to Tender Weekly Interest Rate Notes. The Liquidity Enhanced Notes bearing interest at a Weekly Interest Rate shall be purchased upon demand of the Owners thereof prior to their maturity on the following terms:

(a) Optional Tenders - Non Book-Entry System. During any Weekly Interest Rate Period for which the book-entry system with respect to the Liquidity Enhanced Notes is not in effect, any Liquidity Enhanced Note (or portion thereof) bearing interest at a Weekly Interest Rate (provided that the principal amount of such Liquidity Enhanced Note to be purchased and the principal amount to be retained shall each be an Authorized Denomination for Liquidity Enhanced Notes subject to a Weekly Interest Rate Period) shall be purchased or deemed purchased as provided in Section 303(a)(iii) on the date specified in the notice referred to in (b) below by the time set forth in (b) below at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the date of purchase, upon delivery on any Business Day by the Owner of such Liquidity Enhanced Note to the Tender Agent at its Delivery Office.

(b) Optional Tenders - Book-Entry System. During any Weekly Interest Rate Period for which the book-entry system with respect to the Liquidity Enhanced Notes is in effect, any Liquidity Enhanced Note (or portion thereof) bearing interest at a Weekly Interest Rate (provided that the principal amount of such Liquidity Enhanced Note to be purchased and the principal amount to be retained shall each be an Authorized Denomination for Liquidity Enhanced Notes subject to a Weekly Interest Rate Period) shall be purchased or deemed purchased as provided in Section 303(a)(iii) on the date specified in the notice referred to below at a purchase price equal to the

such Liquidity Enhanced Notes shall be made by 3:00 p.m. (New York City time) on such Business Day upon delivery of such Liquidity Enhanced Notes to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time) on such Business Day; provided, however, while the Liquidity Enhanced Notes are in the book-entry system, the Liquidity Enhanced Notes shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent.

(c) **Mandatory Tender upon Certain Standby Agreement Defaults.** At any time and upon written notice by the Standby Purchaser for a Series of Liquidity Enhanced Notes to the Tender Agent and the Remarketing Agent of the occurrence of an "event of termination" or an "event of default" under the Standby Agreement that permits a termination, with notice, of the Standby Purchaser's obligation to purchase Notes of such Series under the Standby Agreement, and the Standby Purchaser's election to terminate the Standby Agreement, the Tender Agent will send notice to all Liquidity Enhanced Noteholders of such Series (the form of which shall be provided by the Standby Purchaser), the Insurer, the County, the Remarketing Agent and the Standby Purchaser, by first class mail, postage prepaid, to the effect that the purchase of all of the Liquidity Enhanced Notes of such Series will occur on the Business Day specified by the Tender Agent that is not more than ten (10) Business Days after the date of receipt by the Tender Agent of the written direction sent by the Standby Purchaser and in any event no later than the fifth (5th) Business Day next preceding the termination of the Standby Agreement in respect of such Liquidity Enhanced Notes of such Series (the "Standby Purchase Date"). On the Standby Purchase Date, all Liquidity Enhanced Notes of such Series bearing interest at the Weekly Interest Rate or at a Short-Term Interest Rate shall be tendered by the Liquidity Enhanced Noteholders to the Tender Agent for purchase at a purchase price equal to the principal amount thereof plus accrued interest, if any. On the Standby Purchase Date, the Tender Agent shall draw on the Standby Agreement to obtain funds to pay the purchase price of the Liquidity Enhanced Notes of such Series. Payment of the purchase price of each Liquidity Enhanced Note shall be made by 3:00 p.m. (New York City time) on the Standby Purchase Date upon delivery of such Liquidity Enhanced Note to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, at or prior to 10:00 a.m. (New York City time) on the Standby Purchase Date; provided, however, while the Liquidity Enhanced Notes are in the book-entry system, the Liquidity Enhanced Notes shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent.

(d) **Mandatory Tender Upon Replacement of Standby Agreement.** Mandatory Tender Upon Replacement of Standby Agreement. In the event of the replacement of the Standby Agreement with an Alternate Standby Agreement, on the earlier of the fifth (5th) Business Day next preceding the termination or expiration of the Standby Agreement to be replaced, or on the date the Alternate Standby Agreement shall become effective, all Liquidity Enhanced Notes of a Series subject to the Standby Agreement to be replaced for such Series shall be purchased or deemed purchased as provided in Section 303(a)(iii), at a purchase price equal to the principal amount thereof plus accrued interest, if any. Payment of such purchase price will be made in the manner specified in the last sentence of Section 302(b); provided, however, that any drawing made under the Standby Agreement required in order to make such payment shall be made from the existing Standby Agreement and not the Alternate Standby Agreement.

(e) **Mandatory Tender Upon End of Each Short-Term Interest Rate Term.** On the day next succeeding the last day of each Short-Term Interest Rate Term for a Note bearing interest at a Short-Term Interest Rate, unless such day is the first day of a new Interest Rate Period (in which event such Note shall be subject to mandatory purchase pursuant to Section 302(a)), such Note bearing interest at a Short-Term Interest Rate shall be purchased from its Owner at a purchase price equal to the principal amount thereof payable in immediately available funds. The purchase price of any Note bearing interest at a Short-Term Interest Rate so purchased shall be payable only upon surrender of such Note to the Tender Agent at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange.

(2) In the event that any such Multi-Modal Notes or portions thereof shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the purchase price of such Multi-Modal Notes in trust, uninvested and without liability for interest thereon, for the benefit of the former Owners of such Multi-Modal Notes, who shall thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Multi-Modal Notes.

(3) In the event that any such Multi-Modal Notes or portions thereof shall not be presented to the Tender Agent at the time specified in Section 301 or Section 302, then the Tender Agent shall request, and thereupon the County shall execute and deliver and the Tender Agent shall immediately authenticate a new Multi-Modal Note or Notes in an aggregate principal amount equal to the principal amount of the Multi-Modal Notes or portions thereof so purchased, but not presented, bearing a number or numbers not contemporaneously Outstanding. Every Multi-Modal Note authenticated and delivered as provided in the preceding sentence shall be entitled to all the benefits hereof equally and proportionately with any and all other Multi-Modal Notes duly issued hereunder. The Tender Agent shall maintain a record of the Multi-Modal Notes or portions thereof not tendered for purchase pursuant to Section 301 or Section 302 together with the names and addresses of the former Owners thereof.

(4) In case any Multi-Modal Notes or portions thereof which have been deemed purchased as provided in Section 303 (a) (iii) (I) are delivered to the Tender Agent subsequent to the date and time specified for such delivery for payment of the purchase price thereof at its Delivery Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, on any Business Day, the Tender Agent shall, subject to the provisions of paragraph (g) of this Section 303, pay the purchase price of such Multi-Modal Note or portion thereof to the Owner (A) no later than 3:00 p.m. (New York City time) on such Business Day, if such Multi-Modal Note is presented by 10:00 a.m. (New York City time) on such Business Day, and (B) no later than 12:00 noon (New York City time) on the next succeeding Business Day, if such Multi-Modal Note is presented after 10:00 a.m. (New York City time) on such Business Day and, if appropriate, shall also deliver to such Owner a new Multi-Modal Note in an aggregate principal amount equal to the portion of any Multi-Modal Note not so purchased; provided, however, while the Multi-Modal Notes are in the book-entry system, the Multi-Modal Notes shall be presented to the Tender Agent according to the normal and customary practices between the Securities Depository and the Tender Agent. Any such Multi-Modal Notes so delivered to the Tender Agent shall be canceled by it and delivered to the Paying Agent.

(b) (i) Promptly upon becoming aware of any requirement that any Multi-Modal Note or portion thereof be purchased pursuant to Section 301 or Section 302(a), (b), (d) or (e), the Remarketing Agent shall offer for sale and use its best efforts to sell such Multi-Modal Notes, any such sale to be made on the date of such purchase, or, if such sale cannot be made on the date of such purchase, as soon as practicable thereafter, at the best price available in the marketplace; provided, however, that the Remarketing Agent shall not sell any of such Multi-Modal Notes at a price below the principal amount thereof, plus accrued interest thereon, if any. The Remarketing Agent may, however, sell such Multi-Modal Notes at a premium; provided, however, that such premium may be no greater than is necessary to adjust for changes in prevailing market conditions between the date on which the interest rate then borne by such Multi-Modal Notes was established and the date of the remarketing; and provided, further, that any such premium may not be applied either directly or indirectly to cover the Remarketing Agent's costs of remarketing and any premium shall be paid by the Remarketing Agent to the Tender Agent and immediately deposited by the Tender Agent into the Remarketing Proceeds Account. Any such payment to the Tender Agent shall be accompanied by written instructions from the Remarketing Agent specifying the amount of such premium. The Remarketing Agent shall remit the proceeds from the remarketing of such Multi-Modal Notes remarketed by it by 2:00 p.m. (New York City time) on the Business Day on which such Multi-Modal Notes are to be purchased pursuant to Section 301 or Section 302.

Section 303(b)(iii), as appropriate, as soon as practicable after such remarketing, but in no event later than 1:00 p.m. (New York City time) on the date such Multi-Modal Notes are required to be purchased and the Multi-Modal Notes shall be registered in the name of the purchasers thereof (or while the book-entry system is in effect, the beneficial ownership interests in such Multi-Modal Notes shall be transferred on the registration books of the Securities Depository) and made available to the Remarketing Agent as soon as practicable thereafter on such date.

(d) If the Tender Agent shall have received a demand for the purchase of Liquidity Enhanced Notes or portions thereof (other than Purchased Notes) in accordance with Section 301 or if any Liquidity Enhanced Notes are required to be tendered for purchase in accordance with Section 302 and the Remarketing Agent shall not then have provided the Tender Agent with sufficient funds to make such purchase by depositing in the Remarketing Proceeds Account immediately available funds by no later than one hour before the time provided in the Standby Agreement for such Series for presentation of notices in order to receive payment in immediately available funds by 2:30 p.m. (New York City time) on the date such Liquidity Enhanced Notes are required to be purchased, then the Tender Agent shall draw under the Standby Agreement by no later than the time provided in the Standby Agreement for presentation of notices in order to receive payment in immediately available funds by 2:30 p.m. (New York City time) on such day, the amount sufficient to pay the portion of the purchase price of such Liquidity Enhanced Notes which exceeds the amount provided by the Remarketing Agent for deposit in the Remarketing Proceeds Account in order to fully pay the purchase price of the applicable Liquidity Enhanced Notes. The Tender Agent shall deposit the proceeds of such drawing in respect of such Liquidity Enhanced Notes in accordance with the provisions of Section 303(a)(ii). The Tender Agent shall notify the County and the Paying Agent by telephone, promptly confirmed in writing, of the amounts to be drawn, as soon as practicable and, when possible, at least one day prior to such draw on the Standby Agreement.

(e) Subject (with respect to any remarketing premium) to Section 303(b)(i), the proceeds of the sale by the Remarketing Agent of any Multi-Modal Notes or portions thereof shall be transferred to the Tender Agent upon receipt of Multi-Modal Notes therefor and, except for Multi-Modal Notes not tendered as described in Section 303(a)(iii) or 303(g), immediately applied by the Tender Agent to the payment of the purchase price of Multi-Modal Notes or portions thereof pursuant to Section 303(a)(ii)(l) or, in the case of the sale of Purchased Notes, to the payment of the purchase price of such Purchased Notes, whether or not the Tender Agent has at the time received a Multi-Modal Note or ownership interest in a Multi-Modal Note pursuant to Section 303(c)(ii) as a result of such payment by the Standby Purchaser. In making such payments to the Standby Purchaser, the Tender Agent may conclusively assume that the Standby Purchaser has not been paid from any other sources. To the extent that the Standby Purchaser is so paid with proceeds of the sale of Multi-Modal Notes by the Remarketing Agent, any Purchased Note or ownership interest in such Multi-Modal Note shall be immediately returned to or released by the Tender Agent and new Multi-Modal Notes representing such sale proceeds shall be registered and delivered as provided in Section 303(c)(i).

(f) Notwithstanding anything herein to the contrary, if there shall have occurred and be continuing a Payment Default and if the Insurer of the Multi-Modal Notes of a Series is in default under the Insurance Policy, there shall be no sales of Multi-Modal Notes of such Series pursuant to Section 303(b)(i).

(g) The Tender Agent shall, at the end of the tenth (10th) Business Day after the date on which Multi-Modal Notes are to be purchased, set aside on its books all funds then held in the Remarketing Proceeds Account and the Purchase Account by virtue of the fact that Multi-Modal Notes deemed purchased on such date were not presented for purchase to the Tender Agent in accordance with the provisions of Section 303(a) and shall hold the same in trust for the payment to the Owners of such Multi-Modal Notes of the purchase price thereof as required by the provisions of Section 303(a). The Tender Agent shall pay such purchase price from such amounts by check or draft of the Tender Agent made payable to the party entitled to such payment as soon as practicable after such party surrenders the Multi-Modal Note or Notes so deemed purchased to the Tender Agent.

(h) [Reserved.]

Section 304. Standby Agreement.

opinion specified in Section 305(d) is delivered, no registration under the Securities Act of 1933, as amended, or qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Alternate Standby Agreement or the remarketing of the Liquidity Enhanced Notes of a Series with the benefits thereof; and (ii) the written consent of the County and the Insurer for such Series of the Liquidity Enhanced Notes to the selection of the Standby Purchaser and the Alternate Standby Agreement.

(d) In lieu of the opinion of counsel required by Section 305(c)(i)(3), there may be delivered an opinion of counsel reasonably satisfactory to the County, the Remarketing Agent, and the Insurer for such Series of the Liquidity Enhanced Notes to the effect that either (i) at all times during the term of the Alternate Standby Agreement, the Liquidity Enhanced Notes of such Series will be offered, sold and held by Owners in transactions not constituting a public offering of such Series of the Liquidity Enhanced Notes or the Alternate Standby Agreement under the Securities Act of 1933, as amended, and accordingly no registration of the Liquidity Enhanced Notes of such Series under the Securities Act of 1933, as amended, or qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Alternate Standby Agreement or the remarketing of the Liquidity Enhanced Notes of such Series with the benefits thereof, or (ii) the offering and sale of the Liquidity Enhanced Notes of such Series and the Alternate Standby Agreement, to the extent required by law, has been registered under the Securities Act of 1933, as amended, and any indenture required to be qualified with respect thereto under the Trust Indenture Act of 1939, as amended, has been so qualified.

Section 306. Notice of Termination, Expiration or Substitution of Standby Agreement. The Tender Agent shall give notice by first class mail, postage prepaid, to the Owners of the Liquidity Enhanced Notes of a Series then subject to purchase under the Standby Agreement for such Series on or before the thirtieth (30th) day preceding the termination, expiration or substitution of any Standby Agreement in accordance with its terms, which notice shall (i) describe generally the Standby Agreement, if any, in effect prior to such termination or expiration and the substitute Alternate Standby Agreement, if any, in effect or to be in effect upon such termination or expiration, (ii) state the date of such termination or expiration and the date of the proposed provision of the substitute Alternate Standby Agreement, if any, (iii) specify the ratings, if any, to be applicable to the Liquidity Enhanced Notes of such Series after such termination or expiration of the Standby Agreement, describe any Alternate Standby Agreement, or state that no ratings will be assigned to such Liquidity Enhanced Notes of such Series subsequent to such termination or expiration of the Standby Agreement and (iv) state that a mandatory tender of such Liquidity Enhanced Notes will occur pursuant to Section 302(b), with respect to termination or expiration, or Section 302(d), with respect to substitution, and the terms thereof. The Tender Agent shall also provide a copy of the foregoing notice to the Insurer and the Paying Agent.

Section 307. Standby Purchaser or Alternate Standby Purchaser. In the event that the short-term rating of the Standby Purchaser for a Series (including any guarantor thereof) under any initial Standby Agreement or any Alternate Standby Agreement for such Series shall at any time be less than A-1 by S&P or P-1 by Moody's, or upon request made by the Standby Purchaser for payment of increased costs as provided in the Standby Agreement, the County shall, upon the written direction of the Insurer for the Liquidity Enhanced Notes of such Series, proceed with substitution or termination, as the case may be, of such Standby Agreement in accordance with its terms and Sections 302, 305 and 306.

Section 308. No Tender. Sales or Remarketing in Certain Circumstances. Anything herein to the contrary notwithstanding there shall be no optional or mandatory tenders, sales or remarketing of Liquidity Enhanced Notes of a Series, and no obligation of the County to fund any such tenders, if: (a) a Standby Agreement is required for such Series and there is no Standby Agreement in effect; (b) the Standby Purchaser for such Series is in default under the Standby Agreement; or (c) the Standby Purchaser for such Series is not obligated under the Standby Agreement to purchase Liquidity Enhanced Notes.

The Paying Agent shall, to the extent it has actual notice thereof, give notice to the Liquidity Enhanced Noteholders of the applicable Series, each Rating Agency which then maintains a rating on the Liquidity Enhanced Notes of such Series, the Remarketing Agent, the Insurer for the Liquidity Enhanced Notes of such Series, the County and the Standby Purchaser of (a) the occurrence and continuation of any of the events set forth in the first paragraph of this Section 308, and that such events result in no tenders, sales or remarketing of Liquidity Enhanced

(a) The County hereby appoints the Paying Agent as Tender Agent for the Liquidity Enhanced Notes, and may at any time or from time to time appoint one or more other Tender Agents having the qualifications set forth in Section 604 for a successor Tender Agent. One or more Tender Agent(s) may be appointed by the County to the extent necessary to effectuate the rights of the Owners to tender Liquidity Enhanced Notes for purchase.

(b) Each Tender Agent (other than the Paying Agent) shall signify its acceptance of the duties and obligations imposed upon it hereby by executing and delivering to the County, the Paying Agent, the Standby Purchaser, the Insurer for the Liquidity Enhanced Notes and the Remarketing Agent a written acceptance thereof.

(c) Unless otherwise provided, the principal corporate trust offices of the Tender Agents are designated as the respective offices or agencies of the County for the payment of the purchase price of tendered Liquidity Enhanced Notes.

**Section 602. Tender Agent; General Responsibilities.**

(a) The Tender Agent shall perform the duties and obligations set forth herein and in particular shall:

(i) hold all Liquidity Enhanced Notes delivered to it for purchase hereunder in trust as bailee of, and for the benefit of, the respective Owners which have so delivered such Liquidity Enhanced Notes, until moneys representing the purchase price of such Liquidity Enhanced Notes shall have been delivered to or for the account of or to the order of such Owners;

(ii) hold all moneys (other than moneys delivered to it by the County for the purchase of Liquidity Enhanced Notes) delivered to it hereunder for the purchase of Liquidity Enhanced Notes in trust and for the benefit of, the person which shall have so delivered such moneys, until the Liquidity Enhanced Notes purchased with such moneys shall have been delivered to or for the account of such person;

(iii) hold all Purchased Notes and deliver such Purchased Notes to the Standby Purchaser or transfer such Purchased Notes as directed by the Standby Purchaser; and

(iv) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the County, the Fiduciaries, the Standby Purchaser and the Remarketing Agent at all reasonable times.

(b) In addition, the following conditions shall apply to the performance of the Tender Agent's duties hereunder:

(i) The duties and obligations of the Tender Agent shall be determined solely by the express provisions hereof, and no implied duties or obligations or covenants on the part of the Tender Agent shall be read herein.

(ii) The Tender Agent may, in the absence of negligence or bad faith on its part, rely upon any document furnished to it and believed by it to be genuine and to have been signed, acknowledged or presented by the proper party or parties, and it shall not be answerable for any action taken in good faith on the basis thereof. The Tender Agent shall not be liable for any error of judgment made in good faith by a responsible officer, agent or employee of the Tender Agent unless the Tender Agent was negligent in ascertaining the pertinent facts.

(iii) The Tender Agent may consult with counsel satisfactory to it, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or thing suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(iv) The Tender Agent may become the owner of, or acquire any interest in, any obligations of the County (including, without limitation, the Liquidity Enhanced Notes or any other Notes or obligations of the County) with the same rights that it would have if it were not the Tender Agent hereunder; and it may engage in, or be interested in, any financial or other transaction with the County, and

(b) In the event of the resignation or removal of any Tender Agent or Paying Agent, such Tender Agent or Paying Agent shall pay over, assign and deliver any moneys and Liquidity Enhanced Notes, including authenticated Liquidity Enhanced Notes, held by it to its successor.

(c) Notwithstanding any other provision hereof to the contrary, the duties of the Tender Agent shall terminate with respect to a Series of Multi-Modal Notes upon conversion of all of the Outstanding Liquidity Enhanced Notes of such Series to a Fixed Interest Rate.

## ARTICLE VII

### The Remarketing Agent

Section 701. The Remarketing Agent. The County shall appoint one or more Remarketing Agents, with the approval of the Insurer, for each Series of the Liquidity Enhanced Notes. The Remarketing Agent shall be authorized by law to perform all of the duties imposed upon it hereby. The Remarketing Agent or any successor shall signify its acceptance of the duties and obligations imposed upon it hereunder by executing the Remarketing Agreement under which the Remarketing Agent will agree to:

(a) determine (which shall include inquiries of market sources as necessary to accurately ascertain the then-prevailing market conditions for the Liquidity Enhanced Notes) each Weekly Interest Rate, each Short-Term Interest Rate Term and related Short-Term Interest Rate and each Fixed Interest Rate for each Series and give notice of such rates as set forth in Article II hereof;

(b) keep such books and records with respect to the remarketing of the Liquidity Enhanced Notes as shall be consistent with prudent industry practice; and

(c) use its best efforts to remarket the Liquidity Enhanced Notes and Purchased Notes of the applicable Series in accordance herewith and the Remarketing Agreement; provided, however, that if the Remarketing Agent shall have received from the County written notice that the Insurer of the Liquidity Enhanced Notes or Purchased Notes of such Series is in default under its Insurance Policy or has been declared insolvent or has repudiated its Insurance Policy, the Remarketing Agent shall suspend its remarketing of the Liquidity Enhanced Notes or Purchased Notes until such time as the County and the Remarketing Agent agree to the resumption of remarketing.

Section 702. Removal or Resignation of Remarketing Agent. Subject to the provisions of the Remarketing Agreement, the Remarketing Agent may be removed at any time with or without cause by an instrument filed with the Insurer, the Remarketing Agent and the Paying Agent and signed by an Authorized Officer. The Insurer may direct the County to remove any Remarketing Agent for cause. The County may appoint a successor Remarketing Agent, and each successor Remarketing Agent shall at all times be either a member of the National Association of Securities Dealers, Inc. or registered as a dealer of municipal securities under the Securities Exchange Act of 1934, as amended, and having net capital of at least \$50,000,000. Subject to the provisions of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created hereby by giving at least sixty (60) days written notice to the County, the Standby Purchaser, the Fiduciaries and the Insurer of the Liquidity Enhanced Notes of the applicable Series. The Paying Agent, shall promptly give written notice to the Liquidity Enhanced Noteholders of any removal or resignation of the Remarketing Agent.

Section 703. Successor Remarketing Agents. Any corporation, association, partnership or firm which succeeds to the business of the Remarketing Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Remarketing Agent hereunder, subject to the consent of the Insurer.

Section 704. Modification of Remarketing Agent's Duties. Modifications may be made to the provisions hereof regarding the duties and responsibilities of the Remarketing Agent, the dates and times at which interest rates are to be determined and the tender for purchase and notices of tenders, provided that the prior consent of the Remarketing Agent is obtained in writing and that:

under the Standby Agreement shall at all times be equal to the principal amount of the Outstanding Liquidity Enhanced Notes with respect to which such Standby Agreement was issued and the interest thereon referenced in such Standby Agreement with respect to such reduced principal amount of Liquidity Enhanced Notes Outstanding calculated at the Maximum Rate with respect to such Liquidity Enhanced Notes.

**Section 804. Amendment of Standby Agreement.** The County through the Registrar shall notify the Liquidity Enhanced Noteholders of the applicable Series, the Tender Agent, the Remarketing Agent, the Paying Agent, the Insurer, and each Rating Agency of any proposed amendment of a Standby Agreement for such Series, which would adversely affect the interests of the Liquidity Enhanced Noteholders of such Series or the Tender Agent, and may consent thereto upon receipt of the consent of the Insurer and the Owners of all Liquidity Enhanced Notes of the applicable Series then Outstanding which would be so affected by the action proposed to be taken; provided, that the County shall not, without the consent of the Insurer for the Liquidity Enhanced Notes for such Series and the registered Owners of all Liquidity Enhanced Notes of the applicable Series Outstanding which would be so affected by the action proposed to be taken, consent to any amendment which would (a) decrease the amount of the Standby Agreement for such Series, or (b) reduce the term of the Standby Agreement for such Series, and provided further, however, that any change in the principal and interest amount of Liquidity Enhanced Notes of the applicable Series subject to the Standby Agreement shall be effective only upon receipt by the County of a Rating Confirmation Notice from each Rating Agency. The County shall not be required to notify Liquidity Enhanced Noteholders, or cause Liquidity Enhanced Noteholders to be notified, or obtain their consent for any proposed amendment to the Standby Agreement which would not adversely affect their interests, including any extension of the Standby Agreement. Notwithstanding anything else provided herein, (a) any amendment of the Standby Agreement shall require the prior written consent of the Insurer for the Liquidity Enhanced Notes for such Series and (b) an amendment hereof altering the rights and duties of the Standby Purchaser hereunder shall require the prior written consent of the Standby Purchaser. The County further agrees that it will not amend the Standby Agreement in any manner which would adversely affect the interests of the Tender Agent without the prior written consent of the Tender Agent.

**Section 805. References to Standby Purchaser or Insurer.**

(a) Any provision hereof regarding the consent of, or mandating the direction of action by, the Standby Purchaser shall, except as expressly provided, be deemed ineffective if (i) the Standby Agreement issued thereby is no longer in effect and no amount is due and owing under such Standby Agreement or (ii) the Standby Purchaser has wrongfully failed to honor a proper draw under the Standby Agreement.

(b) Any provision hereof regarding the consent of, or mandating the direction of action by, an Insurer shall, except as expressly provided, be deemed ineffective if (i) the Insurance Policy is no longer in effect or (ii) the Insurer has failed to make payment under the Insurance Policy, but not to the extent of any payments made by the Insurer under the Policy.

**ARTICLE IX**

**Miscellaneous**

Section 901. [Reserved].

Section 902. [Reserved].

**Section 903. Notices.** Except as otherwise required herein, all notices required or authorized by this Appendix I to be given to the County, the Registrar, the Paying Agent, the Remarketing Agent, the Tender Agent, the Standby Purchaser, the Insurer and the Rating Agencies pursuant hereto shall be in writing and shall be sent by registered or certified mail, postage prepaid, recognized private carrier, with delivery charges prepaid and acknowledgement of delivery, or by Electronic Means, to the following addresses:

1. to the County, to:

County of Lackawanna  
200 Adams Avenue

of the Notes, (v) any change in the identity of the Remarketing Agent, the Tender Agent or the Paying Agent and (vi) any amendment to the Debt Ordinance, a Standby Agreement or a Remarketing Agreement.