



County of Lackawanna

Lackawanna County
Administration Building
200 Adams Avenue
Scranton, Pennsylvania
18503

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Ordinance: 10-0123

File Number: 10-0123

Ordinance #203
Second Reading
General Obligation Bonds, Series B of 2010

Ordinance #203

First Reading: May 12, 2010

Second Reading: May 26, 2010

ORDINANCE #203

OF THE
BOARD OF COUNTY COMMISSIONERS
OF THE
COUNTY OF LACKAWANNA, PENNSYLVANIA

**ORDINANCE AUTHORIZING THE COUNTY OF LACKAWANNA, PENNSYLVANIA TO
ISSUE GENERAL OBLIGATION BONDS, SERIES B OF 2010, IN ORDER TO REFUND
CERTAIN OUTSTANDING DEBT**

AN ORDINANCE

OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA (THE "COUNTY"), AUTHORIZING AND DIRECTING INCURRENCE OF NONELECTORAL DEBT AS PERMITTED BY AND PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA.C.S. § 8001 *ET SEQ.*, BY ISSUANCE OF THE COUNTY'S GENERAL OBLIGATION BONDS, SERIES B OF 2010, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$60,000,000 ("SERIES 2010B BONDS"), FOR THE PURPOSE OF PROVIDING FUNDS TO BE APPLIED FOR AND TOWARD A PROJECT CONSISTING OF (A) THE REFUNDING OF THE COUNTY'S GENERAL OBLIGATION NOTES, SERIES B OF 2008 (THE "2008B NOTES"), INCLUDING THE PAYMENT OF COSTS AND EXPENSES TO TERMINATE A PORTION OF THE INTEREST RATE MANAGEMENT AGREEMENT, DATED JUNE 24, 2008, AND (B) THE PAYMENT OF RELATED COSTS OF ISSUANCE; DETERMINING THAT SUCH DEBT SHALL BE NONELECTORAL DEBT OF THE COUNTY; DETERMINING THAT THE SERIES 2010B BONDS SHALL BE SOLD AT PRIVATE SALE BY NEGOTIATION; AUTHORIZING ACCEPTANCE

OF A PROPOSAL FOR PURCHASE OF THE SERIES 2010B BONDS AND THE AWARD OF THE SERIES 2010B BONDS; PROVIDING FOR MATURITIES AND INTEREST RATES; APPOINTING A PAYING AGENT, REGISTRAR AND SINKING FUND DEPOSITORY; PROVIDING FOR THE TERMS OF THE SERIES 2010B BONDS INCLUDING DENOMINATIONS, DATE, INTEREST PAYMENT DATES AND REGULAR RECORD DATES; PROVIDING FOR THE REGISTRATION AND TRANSFER OF THE SERIES 2010B BONDS; SETTING FORTH REDEMPTION FEATURES AND PROCEDURES; AUTHORIZING THE EXECUTION AND AUTHENTICATION OF THE SERIES 2010B BONDS; COVENANTING TO PAY DEBT SERVICE AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER FOR THE PAYMENT OF THE SERIES 2010B BONDS; CREATING A SINKING FUND IN CONNECTION WITH THE SERIES 2010B BONDS AS REQUIRED BY SAID ACT; APPROPRIATING PROCEEDS OF THE SERIES 2010B BONDS; SETTING FORTH CERTAIN COVENANTS RELATING TO THE NON-ARBITRAGE STATUS OF THE SERIES 2010B BONDS; 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 TO TAKE ACTION AS MAY BE NECESSARY RELATING TO THE ISSUANCE OF THE SERIES 2010B BONDS; RATIFYING THE PRELIMINARY OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF AND AUTHORIZING THE APPROVAL AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT AND THE USE THEREOF IN CONNECTION WITH THE SALE OF THE SERIES 2010B BONDS; CREATING CLEARING AND PROJECT ACCOUNTS; SETTING FORTH CERTAIN COVENANTS RELATING TO PROVISIONS FOR RETIREMENT BY REDEMPTION OF THE 2008B NOTES; DIRECTING THE IRREVOCABLE DEPOSIT OF AN AMOUNT OF MONEY WHICH WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2008B NOTES UPON REDEMPTION; AUTHORIZING THE PAYMENT OF EXPENSES; PROVIDING GUIDELINES FOR PERMITTED INVESTMENTS; AUTHORIZING THE PURCHASE OF A POLICY OF MUNICIPAL BOND INSURANCE; PROVIDING FOR THE AUTHORIZATION OF OFFICERS; ADOPTING THE FORM OF THE SERIES 2010B BONDS; COVENANTING TO PROVIDE CONTINUING DISCLOSURE; PROVIDING FOR SEVERABILITY OF PROVISIONS AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, the County of Lackawanna, Pennsylvania (the “County”), is a Home Rule County of the third class existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), and is a “Local Government Unit” as defined in the Local Government Unit Debt Act, 53 Pa.C.S. § 8001 *et seq.*, as amended and supplemented (the “Debt Act”); and

AN ORDINANCE
OF
THE BOARD OF COMMISSIONERS
OF THE
COUNTY OF LACKAWANNA, PENNSYLVANIA
AUTHORIZING THE COUNTY OF LACKAWANNA, PENNSYLVANIA TO ISSUE GENERAL
OBLIGATION BONDS, SERIES B OF 2010, IN ORDER TO REFUND CERTAIN
OUTSTANDING DEBT

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**AN ORDINANCE OF THE COUNTY COMMISSIONERS
OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA
ENACTED ON MAY 26, 2010**

ORDINANCE NO. _____

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AND DELIVER DOCUMENTS AND TO TAKE ACTION AS MAY BE NECESSARY RELATING TO THE ISSUANCE OF THE SERIES 2010B BONDS; RATIFYING THE PRELIMINARY OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF AND AUTHORIZING THE APPROVAL AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT AND THE USE THEREOF IN CONNECTION WITH THE SALE OF THE SERIES 2010B BONDS; CREATING CLEARING AND PROJECT ACCOUNTS; SETTING FORTH CERTAIN COVENANTS RELATING TO PROVISIONS FOR RETIREMENT BY REDEMPTION OF THE 2008B NOTES; DIRECTING THE IRREVOCABLE DEPOSIT OF AN AMOUNT OF MONEY WHICH WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2008B NOTES UPON REDEMPTION; AUTHORIZING THE PAYMENT OF EXPENSES; PROVIDING GUIDELINES FOR PERMITTED INVESTMENTS; AUTHORIZING THE PURCHASE OF A POLICY OF MUNICIPAL BOND INSURANCE; PROVIDING FOR THE AUTHORIZATION OF OFFICERS; ADOPTING THE FORM OF THE SERIES 2010B BONDS; COVENANTING TO PROVIDE CONTINUING DISCLOSURE; PROVIDING FOR SEVERABILITY OF PROVISIONS AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, the County of Lackawanna, Pennsylvania (the "County"), is a Home Rule County of the third class existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), and is a "Local Government Unit" as defined in the Local Government Unit Debt Act, 53 Pa.C.S. § 8001 *et seq.*, as amended and supplemented (the "Debt Act"); and

WHEREAS, pursuant to an ordinance enacted on May 28, 2008 (the "2008 Ordinance"), the Board of Commissioners of the County heretofore incurred debt, evidenced, in part, by the County's outstanding General Obligation Notes, Series B of 2008, in the aggregate principal amount of \$44,540,000 (the "Series 2008B Notes"), a portion of which Series 2008B Notes remains outstanding; and

WHEREAS, the County heretofore entered into a fixed payer Qualified Interest Rate Management Agreement, dated June 24, 2008 (the "2008 Rate Management Agreement"), between the County and PNC Bank, National Association (the "2008 Counterparty"), in connection with the notional amount of the Series 2008B Notes; and

WHEREAS, pursuant to the 2008 Ordinance, the County appointed Community Bank National Association, d/b/a First Liberty Bank & Trust, as sinking fund depository, paying agent and registrar with respect to the Series 2008B Notes (in such capacity, the "Series 2008 Paying Agent"); and

WHEREAS, the Board of Commissioners of the County has determined to undertake a project (the "2008B Refunding Program") to fund (a) costs and expenses for the retirement of \$44,530,000, aggregate principal amount of the Series 2008B Notes, being all of the outstanding Series 2008B Notes, including any payment required for the termination of the portion of the 2008 Rate Management Agreement corresponding to the outstanding Series 2008B Notes, and (b) the payment of related costs and expenses; and

WHEREAS, the Series 2008B Notes being refunded are herein referred to as the "Refunded Notes"; and

WHEREAS, the Board of Commissioners of the County desires to undertake the 2008B Refunding Program in order to substitute bonds for notes, as permitted pursuant to Section 8241(b)(5) of the Debt Act; and

WHEREAS, the County intends to issue its General Obligation Bonds, Series B of 2010 (the "Series 2010B Bonds"), in the maximum aggregate principal amount of \$60,000,000, for the purpose of funding (i) the 2008B Refunding Program, and (ii) payment of the costs of issuance of the Series 2010B Bonds; and

WHEREAS, RBC Capital Markets Corporation, Philadelphia, Pennsylvania, for itself and Janney Montgomery Scott, LLC, Philadelphia, Pennsylvania and PNC Capital Markets LLC, Pittsburgh, Pennsylvania (collectively, the "Bond Purchaser"), has been invited to present to the County a written contract as its proposal for the purchase of the Series 2010B Bonds (the "Purchase Proposal"), the substantial forms of which Purchase Proposal are attached hereto as Exhibit A; and

WHEREAS, the County desires to authorize acceptance of the Purchase Proposal, approve the form of the Series 2010B Bonds, to purchase a municipal bond insurance policy insuring payment of the debt service on the Series 2010B Bonds, and, to authorize such further action by its officers consistent with this Ordinance, the Debt Act, and all other applicable law.

NOW, THEREFORE, BE AND IT HEREBY IS ENACTED AND ORDAINED by the Board of Commissioners of the County of Lackawanna:

SECTION 1. The 2008B Refunding Program; Recitals. The County hereby approves and undertakes as a project the 2008B Refunding Program. The description of the 2008B Refunding Program contained in the recitals to this Ordinance hereby is incorporated into this Section by reference as if set out at length. The foregoing recitals and all terms defined therein are incorporated herein, and such defined terms may hereafter be used as if set out at length.

SECTION 2. Incurrence of Indebtedness. For the purpose of providing funds for and toward the payment of costs, as such term is used in the Debt Act, of the 2008B Refunding Program and the payment of the costs and expenses related to the issuance of the Series 2010B Bonds, the incurring of nonelectoral debt by the County in the maximum amount of \$60,000,000 hereby is authorized. Such debt shall be evidenced by the issue of the Series 2010B Bonds, to be designated "County of Lackawanna, General Obligation Bonds, Series B of 2010", in the maximum aggregate principal amount of \$60,000,000.

SECTION 3. Approval of Private Sale by Negotiation. After considering the advantages and disadvantages of a public sale of the Series 2010B Bonds and of current market conditions, the Board of Commissioners hereby determines that a private sale by negotiation is in the best financial interests of the County.

The County hereby invites, and authorizes the Bond Purchaser to submit in the manner herein provided, the Purchase Proposal for the purchase of all but not less than all of the Series 2010B Bonds bearing rates, terms and other provisions not inconsistent with this Ordinance.

The Purchase Proposal shall be submitted to the Chairman of the Board of County Commissioners, the County Controller and the County Treasurer, for approval and acceptance, which Purchase Proposal shall be substantially in the form presented to this meeting with (i) such insertions as to interest rates, principal amounts, maturity dates and redemption provisions and related matters, (ii) such deletions and amendments as the officers of the County executing the Purchase Proposal and the County Solicitor shall approve and (iii) identification of the bond insurer, if any. The execution and delivery of the Purchase Proposal by appropriate officers of the County shall constitute conclusive evidence of such approval.

SECTION 4. Acceptance of Purchase Proposal. The execution and delivery of the Purchase Proposal by the Chairman of the Board of Commissioners, County Controller and County Treasurer and attested by the Chief of Staff of the County shall constitute acceptance hereunder of the Purchase Proposal.

Upon acceptance of the Purchase Proposal, as aforesaid, the Series 2010B Bonds shall be and hereby are awarded and sold to the Bond Purchaser at a negotiated sale at a price not less than the price of 95% of the par amount thereof, exclusive of original issue discount/premium, if any, and accrued interest. So long as the Series 2010B Bonds bears yields which, inclusive of underwriter's discount, produce a "True Interest Cost" satisfactory to the officers of the County executing the Purchase Proposal and conform in all other respects to the requirements of the Debt Act, the proper officers of the County are authorized and directed to execute and deliver an acceptance of the Purchase Proposal.

For purposes of this Section 4, the "True Interest Cost" (inclusive of the bond insurance premium, if any, and underwriter's discount) means a stated rate of interest per annum which, when compounded semi-annually, discounts the semi-annual debt service payments (from each payment date to the closing date of the Series 2010B Bonds) to an amount equal to the aggregate purchase price of the Series 2010B Bonds, including interest accrued to the date of delivery. One counterpart of the accepted Purchase Proposal shall be filed with the records of the County.

SECTION 5. Maturity and Interest Rates. The rate of interest per annum and yield for each maturity of the Series 2010B Bonds, after taking into account any original issue discount or premium, shall not exceed the rates and yields set forth in Schedule I attached hereto and incorporated herein; Provided, however, that in the case of term bonds, the applicable rate of interest and yield shall be the rate set forth in Schedule I for the relevant maturity date of such term bonds.

The principal amount of the Series 2010B Bonds annually scheduled to mature or to be subject to mandatory redemption, as the case may be, shall not exceed the principal sums in each year set forth in Schedule I.

SECTION 6. Appointment of Paying Agent, Registrar and Sinking Fund Depository. Community Bank National Association, d/b/a First Liberty Bank & Trust, having a corporate trust office in Scranton, Pennsylvania, hereby is appointed Paying Agent (the "Paying Agent") and Registrar (the "Registrar") for the Series 2010B Bonds and Sinking Fund Depository (the "Sinking Fund Depository") for the Series 2010B Bonds Sinking Fund created hereby. Proper Officers of the County hereby are authorized and directed to contract with the Paying Agent for its services as Paying Agent, Registrar and Sinking Fund Depository at such initial and annual charges as shall be appropriate and reasonable for such services. The County may, by resolution, from time to time appoint a successor Paying Agent, Registrar or Sinking Fund Depository to fill a vacancy or for any other reason.

SECTION 7. Form of Series 2010B Bonds, Interest Payment Dates and Regular Record Dates. The Series 2010B Bonds shall be issued in fully registered form without coupons and shall be numbered in such manner as may be satisfactory to the County and the Paying Agent. Pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Series 2010B Bonds. The Series 2010B Bonds shall be dated as of the date specified in the Purchase Proposal (the "Issue Date") and shall be issued in denominations of \$5,000 or any whole multiple thereof.

The Series 2010B Bonds shall bear interest payable initially on September 1, 2010 (the "Initial Interest Payment Date"), and on each March 1 and September 1 thereafter (together with the Initial Interest Payment Date, each a "Interest Payment Date"), from the Interest Payment Date, as the case

may be, next preceding the date of registration and authentication of such Series 2010B Bond, unless such Series 2010B Bond is registered and authenticated as of an Interest Payment Date, in which event such Series 2010B Bond shall bear interest from such Interest Payment Date, or unless such Series 2010B Bond is registered and authenticated after a Regular Record Date (hereinafter defined) and before the succeeding Interest Payment Date, in which event such Series 2010B Bond shall bear interest from such succeeding Interest Payment Date, or unless such Series 2010B Bond is registered and authenticated prior to the Initial Interest Payment Date, in which event such Series 2010B Bond shall bear interest from the Issue Date.

If the date for payment of the principal or interest shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

The term “**Regular Record Date**” with respect to any Interest Payment Date shall mean the fifteenth (15th) calendar day (whether or not a business day) next preceding the applicable Interest Payment Date. The person in whose name any Series 2010B Bond is registered at the close of business on any Regular Record Date with respect to any applicable Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding the cancellation of such Series 2010B Bond upon any transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date, except if and to the extent that the County defaults in the payment of the interest due on such Interest Payment Date, in which case such defaulted interest shall be paid to the persons in whose names the outstanding Series 2010B Bonds are registered at the close of business on a Special Record Date (the “**Special Record Date**”) established by the Paying Agent, notice of which shall have been mailed to all registered owners of Series 2010B Bonds not less than fifteen (15) days prior to such Special Record Date.

SECTION 8. Series 2010B Bonds Register, Registrations and Transfer. The County shall cause to be kept at the aforementioned corporate trust office of the Paying Agent a register (the “**Series 2010B Bonds Register**”) in which, subject to such reasonable regulations as it may prescribe, the County shall provide for the registration of Series 2010B Bonds and the registration of transfers and exchanges of Series 2010B Bonds. No transfer or exchange of any Series 2010B Bond shall be valid unless made at such office and registered in the Series 2010B Bonds Register.

Upon surrender of any Series 2010B Bond at the aforementioned corporate trust office of the Paying Agent for registration of transfer, the County shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees, a new Series 2010B Bond or Series 2010B Bonds of any authorized denomination, of the same interest rate and maturity, and in the same aggregate principal amount as the Series 2010B Bond so surrendered.

Any Series 2010B Bond shall be exchangeable for other Series 2010B Bonds of the same maturity and interest rate, in any authorized denomination, in an aggregate principal amount equal to the principal amount of the Series 2010B Bond or Series 2010B Bonds presented for exchange. Upon surrender of any Series 2010B Bond for exchange at the aforementioned corporate trust office of the Paying Agent, the County shall execute and the Paying Agent shall authenticate and deliver in exchange therefor the Series 2010B Bond or Series 2010B Bonds which the owner making the exchange shall be entitled to receive.

All Series 2010B Bonds issued upon any registration of transfer or exchange shall be valid obligations of the County, evidencing the same debt and entitled to the same benefits under this Ordinance as the Series 2010B Bonds surrendered for such registration of transfer or exchange.

Every Series 2010B Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer, in form and with guaranty of signature satisfactory to the County and the Registrar, duly executed by the registered owner thereof or his duly authorized agent or legal representative.

No service charge shall be made for any transfer or exchange of any Series 2010B Bond, but the County may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2010B Bonds.

The County and the Paying Agent shall not be required to: (a) issue, or register the transfer or exchange of, any Series 2010B Bond during the period beginning at the opening of business on any Regular Record Date for interest payments and ending at the close of business on such Interest Payment Date; (b) issue, or register the transfer or exchange of, any Series 2010B Bond during the period beginning at the opening of business on the 15th business day next preceding any date of selection of Series 2010B Bonds to be redeemed and ending at the close of business on the date the notice of redemption shall be given; (c) issue, or register the transfer or exchange of, any Series 2010B Bond during the period beginning at the opening of business on the first business day next succeeding the business day the Paying Agent determines the registered owners of the Series 2010B Bonds to receive notice of any Special Record Date and the close of business on the Special Record Date; or (d) register the transfer or exchange of any Series 2010B Bond after it has been selected or called for redemption, in whole or in part.

SECTION 9. Redemption of Series 2010B Bonds.

(a) **Optional Redemption.** The Series 2010B Bonds may be subject to redemption prior to maturity, at the option of the County, in whole or in part, on the date or dates set forth in the Purchase Proposal.

If less than all Series 2010B Bonds are to be redeemed at any time, the Series 2010B Bonds shall be redeemed in such order of maturity as the County shall select.

(b) **Mandatory Redemption.** The Series 2010B Bonds may be subject to mandatory redemption, if at all, on the dates (each, a "Mandatory Redemption Date") and in the amounts as provided in the Purchase Proposal, which mandatory redemption provisions are incorporated herein. The County covenants to cause the Series 2010B Bonds to be redeemed on the Mandatory Redemption Dates in the amounts provided in the Purchase Proposal, subject to its right which is reserved in Section 12 hereof, to satisfy that obligation by delivering to the Paying Agent and the Sinking Fund Depository no later than 60 days before any Mandatory Redemption Date, for cancellation Series 2010B Bonds of the maturity which are subject to mandatory redemption on that Mandatory Redemption Date.

(c) **Notice.** Notice of any redemption shall be given by mailing a notice of redemption by first class mail, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date to the registered owners of Series 2010B Bonds to be redeemed at the addresses which appear in the Series 2010B Bonds Register; provided, however, that neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Series 2010B Bond, as applicable, shall affect the validity of the proceedings for the redemption of any other Series 2010B Bond.

If, at the time of the mailing of a notice of redemption, the Paying Agent shall not have received moneys sufficient to redeem all of Series 2010B Bonds called for redemption, such redemption may be conditioned on, and such notice may state that it is conditional in that it is subject to, the receipt of such moneys by the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so received. All of the Series 2010B Bonds so called for redemption, as applicable, will cease to bear interest on the specified redemption date, provided funds for their redemption and any accrued interest payable on the redemption date are on deposit with the Paying Agent at that time.

(d) CUSIP Numbers. Notices of redemption shall contain the applicable CUSIP numbers pertaining to the Series 2010B Bonds called for redemption (if then generally in use), and also shall contain the serial identification numbers printed on the Series 2010B Bonds. The County, however, makes no representation as to the accuracy of such CUSIP numbers either printed on the Series 2010B Bonds or as contained in any redemption notice.

(e) Selection by Lot. If less than all Series 2010B Bonds maturing on any one date are to be redeemed at any time, the Paying Agent shall select by lot the Series 2010B Bonds to be redeemed at such time.

(f) Portions of Series 2010B Bonds. Any portion of any Series 2010B Bond of a denomination larger than \$5,000 may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. Prior to selecting Series 2010B Bonds for redemption, the Paying Agent shall assign numbers to each \$5,000 portion of any Series 2010B Bond of a denomination larger than \$5,000 and shall treat each portion as a separate Series 2010B Bond in the denomination of \$5,000 for purposes of selection for redemption. Upon surrender of any Series 2010B Bond for redemption of a portion thereof, the Paying Agent shall authenticate and deliver to the registered owner thereof a new Series 2010B Bond or new Series 2010B Bonds, as applicable, of the same maturity and in any authorized denominations requested by the registered owner in an aggregate principal amount equal to the unredeemed portion of the Series 2010B Bond surrendered.

SECTION 10. Execution and Authentication; Book-Entry Only System.

(a) Execution and Authentication. The Series 2010B Bonds shall be executed on behalf of the County by the Chairman of the Board of Commissioners, the County Controller and the County Treasurer and shall have the corporate seal of the County affixed thereto, duly attested by the signature of the Chief of Staff and said officers hereby are authorized and directed to execute the Series 2010B Bonds. The Series 2010B Bonds shall be authenticated by the manual execution of the Certificate of Authentication by a duly authorized officer of the Paying Agent. No Series 2010B Bond shall be valid until such Certificate of Authentication shall have been duly executed by the Paying Agent and such authentication shall be conclusive and the only proof that any Series 2010B Bond has been issued pursuant to this Ordinance and is entitled to any benefits conferred thereon under the provisions of this Ordinance. The signature of the officer of the Paying Agent executing the Certificate of Authentication on a Series 2010B Bond shall be manual. The signatures of the Chairman of the Board of Commissioners, the County Controller and the County Treasurer and of the Chief of Staff of the County may be by facsimile. Proper Officers of the County, or any of them, hereby are authorized and directed to deliver the Series 2010B Bonds to the Bond Purchaser and receive payment therefor on behalf of the County after sale of the same in the manner required by law and this Ordinance.

(b) Book-Entry Only Registration.

(i) Letter of Representations. The County authorizes and approves the purchase of the Series 2010B Bonds by the Bond Purchaser as book-entry only obligations with The Depository Trust Company, New York, New York ("DTC"). Proper Officers of the County are authorized and directed to execute DTC's Letter of Representations, if applicable, in substantially the form submitted to the County concurrent with its consideration of this Ordinance, and such other documents as shall be necessary to complete the sale of the Series 2010B Bonds as book-entry obligations.

(ii) Book-Entry-Only System.

(A) The Series 2010B Bonds shall be issued in the form of one fully registered bond for the aggregate principal amount of the Series 2010B Bonds of each maturity. Except as provided in paragraph (G) below, all of the Series 2010B Bonds shall be registered in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Series 2010B Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Series 2010B Bonds for an equal aggregate principal amount of Series 2010B Bonds, registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the County or the Paying Agent either a Series 2010B Bond or any other evidence of ownership of the Series 2010B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portions of the Series 2010B Bonds on the registration records maintained by the Paying Agent pursuant to Section 8 hereof, in connection with discontinuing the book entry system as provided in paragraph (G) below or otherwise.

(B) So long as the Series 2010B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Series 2010B Bonds shall be made to DTC or its nominee in immediately available funds on the dates provided for such payments in this Ordinance and in the Series 2010B Bonds. Each such payment to DTC or its nominee shall be valid and effective to discharge fully all liability of the County or the Paying Agent with respect to the principal or redemption price of or interest on such Series 2010B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2010B Bonds outstanding of any maturity, the Paying Agent shall not require surrender by DTC or its nominee of the Series 2010B Bonds so redeemed, but DTC (or its nominee) may retain such Series 2010B Bonds and make an appropriate notation on the Series 2010B Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Paying Agent, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Paying Agent shall be conclusive as to the amount of the Series 2010B Bonds of such maturity which have been redeemed.

(C) The County and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2010B Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 2010B Bonds, selecting the Series 2010B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners under the Ordinance and the Series 2010B Bonds, registering the transfer of Series 2010B Bonds, obtaining any consent or other action to be taken by registered owners and for all other

purposes whatsoever; and neither the County nor the Paying Agent shall be affected by any notice to the contrary. Neither the County nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Series 2010B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration records maintained by the Paying Agent as being a registered owner, with respect to either: (1) the Series 2010B Bonds; or (2) the accuracy of any records maintained by DTC or any such participant; or (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Series 2010B Bonds; or (4) any notice which is permitted or required to be given to registered owners under this Ordinance or the Series 2010B Bonds; or (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2010B Bonds; or (6) any consent given or other action taken by DTC as registered owner.

(D) So long as the Series 2010B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of Series 2010B Bonds under this Ordinance or the Series 2010B Bonds shall be given to DTC as provided in the representation letter to be delivered to DTC, in form and content satisfactory to DTC and the County.

(E) In connection with any notice or other communication to be provided to registered owners pursuant to this Ordinance or the Series 2010B Bonds by the County or the Paying Agent with respect to any consent or other action to be taken by registered owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the Regular Record Date for such consent or other action, provided that the County or the Paying Agent may establish a Special Record Date for such consent or other action. The County or the Paying Agent shall give DTC notice of such Special Record Date not less than fifteen (15) calendar days in advance of such Special Record Date to the extent possible.

(F) Any successor Paying Agent shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the representation letter.

(G) The book-entry system for registration of the ownership of the Series 2010B Bonds may be discontinued at any time if either: (1) after notice to the County and the Paying Agent, DTC determines to resign as securities depository for the Series 2010B Bonds; or (2) after notice to DTC and the Paying Agent, the County determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the County. In either of such events (unless in the case described in clause (2) above, the County appoints a successor securities depository), the Series 2010B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the County or the Paying Agent for the accuracy of such designation. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2010B Bonds.

SECTION 11. General Obligation Covenant. The Series 2010B Bonds hereby are declared to be general obligations of the County. The County hereby covenants with the registered owners from time to time of the Series 2010B Bonds outstanding pursuant to this Ordinance that it will include the amount of the debt service as specified in this Section, subject to appropriate adjustment in the event of the optional redemption of any Series 2010B Bonds prior to maturity, on the Series 2010B Bonds for each fiscal year in which such sums are payable, in its budget for that year, will appropriate such amounts for such payments and will duly and punctually pay or cause to be paid the principal of and the interest on the Series 2010B Bonds on the dates, at the places and in the manner stated therein, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the County does hereby pledge its full faith, credit and taxing power. The maximum amount of the debt service which the County hereby covenants to pay on the Series 2010B Bonds in each year is shown on Schedule I which is attached hereto and incorporated herein by reference as if set out here at length.

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

SECTION 12. Sinking Funds.

(a) **Deposit.** There hereby is established a sinking fund to be known as County of Lackawanna, General Obligation Bonds, Series B of 2010 Sinking Fund (the "Series 2010B Bonds Sinking Fund"). The County covenants to deposit, and the Treasurer hereby is authorized and directed to deposit into the Series 2010B Bonds Sinking Fund (i) on or before each Interest Payment Date, so long as the Series 2010B Bonds remain outstanding, amounts sufficient to pay the interest due on such dates on the Series 2010B Bonds then outstanding, and (ii) on or before September 1st in the year as shall be specified in the Purchase Proposal as the initial principal payment date, and on or before each September 1st thereafter to and including the final maturity date of the Series 2010B Bonds amounts sufficient to pay the principal of the Series 2010B Bonds due on each such date at maturity or pursuant to the mandatory redemption requirements hereof. Should the amounts covenanted to be paid into the Series 2010B Bonds Sinking Fund be, at any time, in excess of the net amounts required at such time for the payment of interest and principal of the Series 2010B Bonds, whether by reason of funds already on deposit in the Series 2010B Bonds Sinking Fund or by reason of the purchase of or redemption of Series 2010B Bonds or for some similar reason, the amounts covenanted to be paid may be reduced to the extent of the excess.

(b) **Credit for Series 2010B Bonds Delivered.** The County may satisfy any part of its obligations with respect to subsection (a) above by delivering to the Paying Agent and Sinking Fund Depository, for cancellation, Series 2010B Bonds maturing or subject to mandatory redemption, as applicable. The County shall receive credit against such deposit for the face amount of the Series 2010B Bonds so delivered, provided that such Series 2010B Bonds are delivered to and received by the Paying Agent and Sinking Fund Depository (i) on or before the maturity date of the Series 2010B Bonds for which credit is requested, in the case of a deposit required for the payment of Series 2010B Bonds at maturity, or (ii) in the case of a deposit required to be made on a Mandatory Redemption Date, with respect to the Series 2010B Bonds, no later than 60 days prior to the Mandatory Redemption Date for which credit is requested.

(c) **Application of Funds.** All sums in the Series 2010B Bonds Sinking Fund shall be applied exclusively to the payment of principal and interest covenanted to be paid by Section 11 hereof as the same from time to time become due and payable and the balance of said moneys over and above the sum so required shall remain in the Series 2010B Bonds Sinking Fund to be applied to the reduction of future required deposits; subject, however, to investment or deposit at interest as authorized by law and as permitted by Section 24 hereof. The Series 2010B Bonds Sinking Fund shall be kept as a separate account at the aforementioned corporate trust office of the Sinking Fund Depository. The Sinking Fund Depository, without further authorization other than as herein contained, shall pay from the moneys in the

Series 2010B Bonds Sinking Fund the interest on the Series 2010B Bonds as and when due to the registered owners on the appropriate Regular Record Date and principal of the Series 2010B Bonds as and when the same shall become due, to the registered owners thereof.

(d) **Optional Deposits.** Notwithstanding the foregoing, in the case of optional redemption of any or all of the Series 2010B Bonds, as permitted by Section 9 hereof, the Treasurer hereby is authorized and directed to deposit to the Series 2010B Bonds Sinking Fund, from time to time before the applicable optional redemption date, funds which, together with the interest to be earned thereon, if any, shall be sufficient to pay the principal of the Series 2010B Bonds so called for redemption and the premium, if any, and the interest thereon to the date fixed for redemption.

SECTION 13. Disposition of Proceeds. All moneys derived from the sale of the Series 2010B Bonds shall be deposited in the Series 2010B Bonds Clearing Account created pursuant to Section 20 hereof and shall be and hereby are appropriated substantially to payment of the cost of the 2008B Refunding Program, including but not limited to payment of the costs and expenses of preparing, issuing and marketing the Series 2010B Bonds, and the payment of interest on the Series 2010B Bonds from the Issue Date, and shall not be used for any other purposes, except as to any insubstantial amounts of money which may remain after fulfilling the purposes set forth herein, which minor amounts of remaining moneys shall promptly upon their determination be deposited in the Series 2010B Bonds Sinking Fund and used for the payment of interest on the Series 2010B Bonds. Promptly on the deposit of the proceeds of the Series 2010B Bonds to the Series 2010B Bonds Clearing Account, the County shall cause the transfers to the Series 2008 Paying Agent to be applied toward retirement, by redemption, of the Series 2008B Notes, as authorized by this Ordinance, and payment of the other costs and expenses of the 2008B Refunding Program.

SECTION 14. Cost and Realistic Useful Life, Debt Service. Reasonable cost estimates have been obtained for the 2008B Refunding Program with the assistance of the financial advisor to the County and other persons qualified by experience. The cost of the 2008B Refunding Program is estimated not to exceed \$60,000,000. The Refunded Notes include outstanding non-electoral general obligation notes of the County.

With respect to projects financed or refinanced with proceeds of the Refunded Notes, the County determines that the useful lives of such projects are, at least, twenty-six (26) years from the date hereof, which exceeds the final maturity of the Series 2010B Bonds. Nothing in this Section shall be construed to limit the County's authority hereafter to fix a useful life for any of the projects referenced herein for a number of years greater than the number of years set forth in this Section so long as any future determination is not greater than the useful life of such project.

In accordance with Section 8142(b)(2) of the Debt Act, the maturities of the Series 2010B Bonds have been fixed so that the principal of the Series 2010B Bonds will be amortized, together with other outstanding debt, on at least an approximately level annual debt service plan.

SECTION 15. Internal Revenue Code Covenants.

(a) **General.** The County hereby covenants with the registered owners, from time to time, of the Series 2010B Bonds that no part of the proceeds of the Series 2010B Bonds will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Series 2010B Bonds, would have caused the Series 2010B Bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code") and the Regulations thereunder proposed or in effect at the time of such use and applicable to the Series 2010B

Bonds, and that it will comply with the requirements of that section of the Code and the Regulations throughout the term of the Series 2010B Bonds.

(b) **Rebate.** If the gross proceeds of the Series 2010B Bonds are invested at a yield greater than the yield on the Series 2010B Bonds and are not expended within six months from the date of issuance, the County covenants that it will rebate to the U.S. Treasury, at the times and in the manner required by the Code, all investment income derived from investing the proceeds of the Series 2010B Bonds in an amount which exceeds the amount which would have been derived from the investment of the proceeds of the Series 2010B Bonds at a yield not in excess of the yield on the Series 2010B Bonds.

(c) **Filing.** The County will file IRS Form 8038-G and any other forms or information required by the Code to be filed in order to permit the interest on the Series 2010B Bonds to be excluded from gross income for federal income tax purposes.

SECTION 16. Advertising. The action of the officers of the County in advertising, or causing to be advertised, a summary of this Ordinance, prior to enactment, as required by law, is ratified and confirmed. The officers of the County, or any of them, are authorized and directed to advertise, or cause to be advertised, a notice of enactment of this Ordinance in a newspaper of general circulation in the County within 15 days after final enactment. The Chief of Staff hereby is directed to make a copy of this Ordinance available for inspection by any citizen during normal office hours.

SECTION 17. Filing with Department of Community and Economic Development. The Board of County Commissioners, the County Controller, the County Treasurer and the Chief of Staff, as applicable, hereby are authorized and directed to prepare, verify and file with the Department of Community and Economic Development, in accordance with the Debt Act, a transcript of the proceedings relating to the issuance of the Series 2010B Bonds including the Debt Statement and Borrowing Base Certificate required by Section 8110 of the Debt Act, and to take other necessary action, and to prepare and file all necessary documents with the Department of Community and Economic Development including, if necessary or desirable, any statements required to exclude any portion of the debt evidenced by the Series 2010B Bonds from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 18. General Authorization. The officers and officials of the County hereby are authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution, issuance, sale and delivery of the Series 2010B Bonds and the termination of the 2008 Rate Management Agreement, all in accordance with and as contemplated by this Ordinance.

SECTION 19. Official Statement. The Preliminary Official Statement prepared with respect to the Series 2010B Bonds hereby is approved. Proper Officers of the County hereby are authorized to approve and execute the final Official Statement relating to the Series 2010B Bonds provided that the final Official Statement shall have been approved by the County Solicitor and Bond Counsel. The distribution by the Bond Purchaser of the Preliminary Official Statement hereby is ratified. The Bond Purchaser hereby is authorized to use the Preliminary and the final Official Statements in connection with the sale of the Series 2010B Bonds. The Board of Commissioners of the County deems the Preliminary Official Statement to be final for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information which has been omitted in accordance with said Rule and which will be supplied with the final Official Statement.

SECTION 20. Clearing Account. The County hereby creates with the Paying Agent a special fund to be known as the County of Lackawanna Series 2010B Bonds Clearing Account (the "Series 2010B Bonds Clearing Account"), which shall be held in trust for the benefit of the County until

disbursed in accordance with the provisions hereof. The County shall deliver the net proceeds (including accrued interest, if any) derived from the sale of the Series 2010B Bonds to the Paying Agent for deposit to the Series 2010B Bonds Clearing Account. Upon written directions from the County signed by authorized officers of the County, the Paying Agent, out of the Series 2010B Bonds Clearing Account, shall (A) pay the costs and expenses of the issuance of the Series 2010B Bonds, (B) transfer the amount of accrued interest on the Series 2010B Bonds, if any, to the Series 2010B Bonds Sinking Fund, (C) pay over to the Series 2008 Paying Agent the specified amount set forth in subsection (b) below and (D) pay over to the 2008 Counterparty the specified amount set forth in subsection (b) below. The written direction from the County shall state the names of the respective payees, the purpose for which the expenditure has been incurred, or the purpose of the transfer, whichever is applicable, and shall contain a certification that each item of expense for which payment has been requested has been properly incurred and is then unpaid, and that each transfer which is requested is in accordance with the provisions of this Ordinance.

(b) The County hereby authorizes (A) the payment from the Series 2010B Bonds Clearing Account to the Series 2008 Paying Agent an amount necessary to retire the Refunding Notes, by redemption on July 1, 2010, the date fixed for redemption, all in accordance with the Debt Act and as set forth in Section 21 of this Ordinance, and (B) the payment to the 2008 Counterparty of the termination payment, if any, with respect to the 2008 Rate Management Agreement corresponding to the Refunded Notes.

SECTION 21. Payment and Redemption of the Refunded Notes; Reduction of Standby Note Purchase Agreement. The County hereby calls for redemption the Refunded Notes on July 1, 2010, the date fixed for redemption. The County hereby directs the Series 2008 Paying Agent to take such actions as shall be required in connection with the redemption, including the timely delivery of a conditional Notice of Redemption to the registered owners of the Refunded Notes, which notice shall be in such form as Bond Counsel and the Series 2008 Paying Agent shall agree. On or before the date fixed for redemption, the County hereby irrevocably directs payment to the Series 2008 Paying Agent from moneys to be available for such purpose in the Series 2010B Bonds Clearing Account of the sum necessary to retire on July 1, 2010, the date fixed for redemption, all of the Refunded Notes.

Such retirement shall be accomplished in the manner and upon terms and conditions provided in the Refunded Notes and pursuant to this Ordinance.

Simultaneously with the redemption of the Refunded Notes, the officers of the County and the Series 2008 Paying Agent, as applicable, hereby are authorized and directed to take such actions as are necessary and desirable to reduce the Available Commitment, as such term is defined in the Standby Note Purchase Agreement, dated June 25, 2008, by and among the County, the Series 2008 Paying Agent and Dexia Credit Local, acting through its New York Branch, by an amount corresponding to the Refunded Notes, including, *inter alia*, the execution and delivery of such certificates and instruments and payment of related fees and expenses as shall be required in connection therewith.

SECTION 22. Payment of Expenses. All expenses incurred in connection with issuance of the Series 2010B Bonds, respectively, shall be paid out of the proceeds derived from the issuance of the Series 2010B Bonds and deposited in the Series 2010B Bonds Clearing Account, and officers of the County are authorized to sign and deliver requests for payment of such expenses.

SECTION 23. Investment. Any moneys in the Series 2010B Bonds Sinking Fund not required for prompt expenditure may, at the direction of the County, be invested in bonds or obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America or may be deposited at interest in time accounts or certificates of deposit or other interest bearing

accounts of any bank or bank and trust company, savings and loan association or building and loan association. To the extent that such deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds in accordance with the Debt Act. Any such investments or deposits shall mature or be subject to redemption at the option of the holder, or be subject to withdrawal at the option of the depositor, not later than the date upon which such moneys are required to be paid to the registered owners of the Series 2010B Bonds.

SECTION 24. Purchase of Insurance. The County, subject to Section 3, hereby authorizes acceptance of the commitment from a bond insurer, if any shall be specified in the Purchase Proposal (the "Bond Insurer"), and authorizes the purchase of such municipal bond insurance policy or policies, as appropriate, insuring the Series 2010B Bonds and directs that the appropriate premium be paid promptly at the settlement of the sale of the Series 2010B Bonds. A legend indicating the existence of any such policy shall be printed on the Series 2010B Bonds, as appropriate, in the form required by the Bond Insurer. In order to have accrued interest, if any, paid by the Bond Purchaser excluded from the calculation of the premium, the County agrees to cause any amount paid as accrued interest to be invested, to the extent required by the Bond Insurer, in direct obligations of the United States of America and maintained in the Series 2010B Bonds Sinking Fund until applied to the first interest payment on the Series 2010B Bonds. All terms and conditions required to be contained in this Ordinance by the terms of the commitment are incorporated herein by reference with the same effect as if set out at length.

SECTION 25. Authorization of Officers. Any authorization granted to, power conferred on, or direction given to Proper Officers of the County, including the Chairman of the Board of County Commissioners, County Controller, County Treasurer or Chief of Staff, shall be deemed to run to the Vice Chairman, Deputy County Controller, Deputy County Treasurer or Assistant Chief of Staff, respectively, as if such latter titles had been expressly included in the text hereof which grants such authorization, confers such power or gives such direction.

SECTION 26. Series B Bond Form. The form of the Series 2010B Bonds shall be substantially as follows with such completions and changes as officers of the County, upon the advice of Bond Counsel, Bond Purchaser and Bond Insurer, hereafter shall approve:

[Remainder of this page left blank intentionally.]

[FORM OF SERIES B BOND]

UNITED STATES OF AMERICA
COUNTY OF LACKAWANNA
COMMONWEALTH OF PENNSYLVANIA
GENERAL OBLIGATION BOND
SERIES B OF 2010

No. **GOB-**_____ \$ _____
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 (the "Registered Owner") hereof, Cede & Co., has an interest herein.

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
____.____%	September 1, 20____	July 1, 2010	
Registered Owner	CEDE & CO.		
Principal Sum	_____ 00/100 DOLLARS		

COUNTY OF LACKAWANNA (the "County"), a municipality existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and a local government unit, as defined in the Local Government Unit Debt Act, 53 Pa.C.S.A § 8001 *et seq.*, as amended and supplemented (the "Debt Act"), for value received, hereby promises to pay to the registered owner of this General Obligation Bond, Series B of 2010, on the above stated maturity date, the above stated principal sum, unless this Bond shall be redeemable and duly shall have been called for previous redemption and payment of the redemption price shall have been made or provided for, and to pay interest thereon at the above stated annual rate of interest, from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated after a Regular Record Date (hereinafter defined) and before the succeeding interest payment date, in which event this Bond shall bear interest from such succeeding interest payment date, or unless this Bond is registered and authenticated prior to September 1, 2010, in which event this Bond shall bear interest from July 1, 2010, such interest to be payable semiannually on the first (1st) day of March and September in each year, beginning on September 1, 2010 (each, an "Interest Payment Date"), and continuing until maturity hereof or, if this Bond shall be redeemable and duly shall have been called for previous redemption and payment of the redemption price shall have been made or provided for, until the date fixed for redemption hereof.

The principal of this Bond is payable to the registered owner hereof in lawful moneys of the United States of America upon presentation hereof at the corporate trust office of Community Bank

National Association, d/b/a First Liberty Bank & Trust (the "Paying Agent"), in Scranton, Pennsylvania. The term "Paying Agent", when hereinafter used, also shall include any successor paying agent under the Ordinance, hereinafter defined. Payment of the interest due hereon shall be paid to the registered owner hereof by check or draft drawn on the Paying Agent mailed to the registered owner at his address as it appears on the bond register (the "Bond Register") maintained by the Paying Agent, as bond registrar, at the close of business on the fifteenth (15th) calendar day next preceding each Interest Payment Date (the "Regular Record Date"), irrespective of any transfer or exchange of this Bond subsequent to the applicable Regular Record Date. In the event the County shall default in the payment of interest due hereon at the time the same is due and payable, such defaulted interest will be payable to the registered owner hereof by check or draft drawn on the Paying Agent mailed to the registered owner at his address as it appears on the bond register maintained by the Paying Agent, as bond registrar, at the close of business on a Special Record Date (the "Special Record Date") established by the Paying Agent, notice of which shall be mailed by the Paying Agent to the registered owner hereof not less than fifteen (15) calendar days preceding the Special Record Date. Such notice shall be mailed to the registered owner shown on the bond register maintained by the Paying Agent at the close of business on the fifth (5th) business day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

This Bond is one of an initially authorized series of \$60,000,000 aggregate principal amount of General Obligation Bonds of the County, known as "General Obligation Bonds, Series B of 2010" (the "Bonds"), all of like tenor, except as to denominations, dates of maturity, rates of interest and provisions for redemption, and all issued in accordance with provisions of the Debt Act under and by virtue of an ordinance (the "Ordinance") duly enacted by the Board of Commissioners of the County on May 26, 2010. The Debt Act, as such shall have been in effect when this Bond was authorized, and the Ordinance shall constitute a contract between the County and the registered owner, from time to time, of this Bond.

Optional Redemption

The Bonds stated to mature on and after September 1, 20__ are subject to redemption prior to maturity, at the option of the County, in whole or in part, on March 1, _____, or on any date thereafter, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption. If less than all Bonds of a maturity are to be redeemed, such Bonds shall be drawn by lot by the Paying Agent. In the event any Bonds are in a denomination greater than \$5,000 a portion of such Bonds may be redeemed, but portions of Bonds shall be redeemed only in the principal amount of \$5,000 or any whole multiple thereof.

Mandatory Redemption

The Bonds stated to mature on September 1, 20__ are subject to mandatory redemption, in part, as drawn by lot by the Paying Agent, prior to the stated maturity date, by application of money available for such purposes in the Sinking Fund established under the Ordinance, upon payment of the principal amount thereof, together with accrued interest, to the date fixed for redemption or upon maturity, as applicable, on September 1 of the following years and in the following principal amounts:

Bonds Maturing September 1, _____

<u>Year</u>	<u>Amount</u>
20__	\$
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__ *	

* Maturity.

Notice of any redemption shall be given by mailing a notice of redemption by first class mail, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date to the registered owners of Bonds to be redeemed at the addresses which appear in the Bond Register, provided, however, that neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond shall affect the validity of the proceedings for the redemption of any other Bond.

If, at the time of the mailing of a notice of redemption, the Paying Agent shall not have received moneys sufficient to redeem all the Bonds called for redemption, such redemption may be conditioned on, and such notice may state that it is conditional in that it is subject to, the receipt of such moneys by the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so received. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption and any accrued interest payable on the redemption date are on deposit with the Paying Agent at that time.

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

This Bond shall be transferable upon books of the County kept at the aforesaid corporate trust office of the Paying Agent, by the registered owner hereof in person or by his duly authorized agent or legal representative at such corporate trust office of the Paying Agent, upon surrender hereof, together with a written instrument of transfer, in form and with guaranty of signature satisfactory to the County and the Registrar, duly executed by the registered owner hereof or his duly authorized agent or legal representative, and thereupon the County shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of any authorized denomination, of the same interest rate and maturity, and in the same aggregate principal amount as the Bond so surrendered. The County and the Paying Agent may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever.

The County and the Paying Agent shall not be required to: (a) issue, or register the transfer or exchange of, any Bond during the period beginning at the opening of business on any Regular Record

Date for interest payments and ending at the close of business on such Interest Payment Date; (b) issue, or register the transfer or exchange of, any Bond during the period beginning at the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the date the notice of redemption shall be mailed; (c) issue, or register the transfer or exchange of, any Bond during the period beginning at the opening of business on the first business day next succeeding the business day the Paying Agent determines the registered owners of the Bonds to receive notice of any Special Record Date and the close of business on the Special Record Date; or (d) register the transfer or exchange of any Bond after it has been selected or called for redemption, in whole or in part.

So long as The Depository Trust Company (“DTC”) or its nominee, CEDE & CO., is the registered owner hereof, all payments of principal and interest on this Bond shall be payable in the manner and at the respective time of payment provided for in the Letter of Representations (the “Letter of Representations”).

So long as DTC or its nominee, CEDE & CO., is the registered owner of the Bonds, if all or less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent shall notify DTC within the time periods described in the Letter of Representations. If less than all of the Bonds of a particular maturity are to be redeemed, the Bonds to be redeemed shall be selected by the County in any order the County may decide and within a maturity by lot selected by DTC. In the event DTC or its nominee, CEDE & CO., is not the registered owner of the Bonds, then the selection by lot within a maturity of the Bonds to be redeemed shall be made by the Paying Agent. Any such redemption shall be upon payment of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond or in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by the Bond, together with any other indebtedness of the County, if any, is not in excess of any limitation imposed by the Debt Act upon the incurring of debt by the County. The County has covenanted, in the Ordinance, with the registered owners from time to time, of the Bonds which shall be outstanding, from time to time, pursuant to the Ordinance, that the County, as appropriate, shall include the amount of debt service, for each fiscal year of the County in which sums are payable, in its budget for that fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal of this Bond and the interest thereon at the dates and place and in the manner stated herein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the County has and does pledge, irrevocably, its full faith, credit and taxing power. The Debt Act provides that the foregoing covenant of the County shall be enforceable specifically.

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

This Bond is issuable only in the form of a fully registered bond, without coupons, in the denomination of \$5,000 or any whole multiple thereof. This Bond or this Bond, together with other Bonds, at the option of the registered owner hereof, may be exchanged for an aggregate principal amount

of a registered Bond or Bonds of the same series, designation, maturity and interest rate of any authorized denomination.

This Bond shall not be entitled to any benefit under the Ordinance and shall not be valid or obligatory for any purpose until this Bond shall have been authenticated by the Certificate of Authentication endorsed hereon duly signed by or in behalf of the Paying Agent.

The owner of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Ordinance.

IN WITNESS WHEREOF, the County has caused this Bond to be duly executed in its name by the manual or facsimile signatures of its Chairman of the County Commissioners, its Controller and its Treasurer, and its corporate seal to be affixed hereunto, duly attested by the manual or facsimile signature of its Chief of Staff, 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
Chief of Staff

By: /s/ Designated Officer
Treasurer

[SEAL]

**CERTIFICATE OF AUTHENTICATION,
CERTIFICATE AS TO OPINION AND
CERTIFICATE AS TO INSURANCE**

It is certified that:

(i) This Bond is one of the Bonds of the Series designated therein, described in the within-mentioned Ordinance;

(ii) The Opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, attached hereto, is a true and correct copy of an original Opinion which was signed and dated as of the date of original delivery of the Bonds and is on file at our corporate trust office described in the within-mentioned Ordinance where the same may be inspected; and

(iii) The Statement of Insurance printed hereon refers to an original policy of insurance issued by [Insurer] and on file at our principal corporate trust office where the same may be inspected.

**COMMUNITY BANK NATIONAL ASSOCIATION,
d/b/a FIRST LIBERTY BANK & TRUST, as Paying
Agent**

By: _____

Authorized Representative

DATE OF AUTHENTICATION: _____

STATEMENT OF INSURANCE

{Insert Statement of Insurance}

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

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties

UNIF GIFT MIN ACT -

JT TEN - as joint tenants with
right of survivorship and not
as tenants in common

_____ (Custodian)
_____ (Minor)
under Uniform Gifts to Minors Act
_____ (State)

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

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 Bond and all rights thereunder, and hereby irrevocably constitutes and
appoints _____ as Agent to
transfer the within Bond on the books kept for registration thereof, with full power of substitution in the
premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by a member firm of the New York Stock
Exchange or a commercial bank or trust
company.

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

TEXT OF THE OPINION OF
ECKERT SEAMANS CHERIN & MELLOTT, LLC

[END FORM OF SERIES B BOND]

SECTION 27. Disclosure Covenants. In accordance with Rule 15c2-12 (the "Rule") promulgated under the Securities Exchange Act of 1934, as amended, the County hereby covenants, with and for the benefit of the holders and beneficial owners (which shall include any person or entity that has a pecuniary interest in any of the Series 2010B Bonds) from time to time of the Series 2010B Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB") in such manner as prescribed by the MSRB, which is currently through its Electronic Municipal Market Access system ("EMMA System") at <http://emma.msrb.org/>, on an annual basis, its annual General Purpose Financial Statements presented in conformity with generally accepted accounting principles (the "Financial Statements"), together with certain other information or operating data as more specifically described in a continuing disclosure certificate to be executed and delivered by the County upon issuance of the Series 2010B Bonds (collectively, the "Disclosure Report"), commencing with the Disclosure Report for the fiscal year ending December 31, 2010. The Disclosure Report shall be provided within 275 days after the end of each fiscal year. If the Financial Statements are not independently audited, the County shall also provide independently audited Financial Statements when and if available. The County hereby also covenants, with and for the benefit of the holders and beneficial owners from time to time of the Series 2010B Bonds, to provide to the MSRB through the EMMA System (A) prompt notice of a failure to provide the complete Disclosure Report in a timely manner and (B) prompt notice of any of the following events with respect to the Series 2010B Bonds, if such event is material within the meaning of the Rule: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Series 2010B Bonds; (vii) modifications to rights of the holders of the Series 2010B Bonds; (viii) bond redemptions (other than mandatory sinking fund redemptions); (ix) defeasance of the Series 2010B Bonds or any portion thereof; (x) release, substitution or sale of property securing payment of the Series 2010B Bonds; or (xi) any change in the ratings on the Series 2010B Bonds.

The County's covenants in the immediately preceding paragraph shall terminate upon legal defeasance, or other arrangement whereby the County is released from any further obligations with respect to the Series 2010B Bonds, prior redemption or payment in full of all of the Series 2010B Bonds. If such termination occurs prior to the final maturity of the Series 2010B Bonds, the County shall give prompt notice of such termination to the MSRB through the EMMA System.

The proper officer or officers of the County are hereby authorized in the name and on behalf of the County to amend or terminate, in whole or in part, any of the foregoing covenants in this Section, without the consent of the holders or beneficial owners of the Series 2010B Bonds, provided that (A) the amendment requires the County to provide more information than was required by this Section prior to the amendment, without diminishing in any way the obligations of the County to provide information hereunder as required by this Section prior to the amendment, or (B) the following conditions are satisfied: (i) the amendment or termination is in connection with a change in circumstances that arises from a change in or clarification of legal requirements, change of law, or change in the identity, nature or status of an obligated person (within the meaning of the Rule) with respect to the Series 2010B Bonds, or the type of business conducted; (ii) such covenants, as amended, would, in the opinion of the independent nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010B Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or termination either (a) is approved by the holders of the Series 2010B Bonds in the same manner as provided in the Debt Act for modifications of this Ordinance with the consent of such holders or (b) does not, in the opinion of independent nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Series 2010B Bonds. The County shall give prompt notice of any such amendment or termination to the MSRB through the EMMA System. In addition, the County shall

describe such amendment in the next submission of the Disclosure Report and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided by the County. If the amendment relates to the accounting principles to be followed in preparing the Financial Statements, (A) the County shall give prompt notice of such change to the MSRB through the EMMA System, and (B) the Financial Statements for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the Financial Statements as prepared on the basis of the new accounting principles and the Financial Statements prepared on the basis of the former accounting principles.

The sole remedy for a breach by the County of any of the covenants in this Section shall be an action to compel performance of such covenant. Under no circumstances may monetary damages be assessed or recovered or payment of the Series 2010B Bonds be accelerated, nor shall any such breach constitute a default under the Series 2010B Bonds. Nothing in this Section is intended as or shall be deemed a "provision of the Series 2010B Bonds" for purposes of the Debt Act.

SECTION 28. Severability. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this County that such remainder shall be and shall remain in full force and effect.

SECTION 29. Repealer. Any ordinances or parts thereof not in accordance with this Ordinance hereby are repealed insofar as they conflict with this Ordinance.

DULY ENACTED AND ORDAINED by the Board of Commissioners of the County of Lackawanna, in lawful session assembled, on this 26th day of May, 2010.

(SEAL)

COUNTY OF LACKAWANNA,

Chairman, Board of County Commissioners

Commissioner

Commissioner

Attest:

Chief of Staff

Controller

Treasurer

EXHIBIT A
PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

[\$52,210,000]

LACKAWANNA COUNTY, PENNSYLVANIA
General Obligation Bonds, Series B of 2010

_____, 2010

County of Lackawanna County
County Courthouse Annex
200 Adams Avenue
Scranton, PA 18503

Ladies and Gentlemen:

The undersigned, RBC Capital Markets Corporation (the "*Representative*") acting on their own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*"), offers to enter into the following agreement with the County of Lackawanna, Pennsylvania (the "*Issuer*") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein).

1. *Purchase and Sale of the Bonds.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's General Obligation Bonds, Series B of 2010 (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that with respect to the Underwriters' purchase of the Bonds, the Underwriters are not acting as a fiduciary of the Issuer, but rather are acting solely in their capacity as Underwriters for their own account. The Representative has been duly authorized to execute this agreement and to act hereunder by the Underwriters.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, sinking fund, if applicable, and optional redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Ordinance enacted by the Issuer on _____, 2010 (the "*Ordinance*"). Community National Bank d/b/a First Liberty Bank and Trust, Scranton, Pennsylvania, (the "*Paying Agent*") shall serve as paying agent and registrar for the Bonds.

The purchase price for the Bonds shall be \$ _____ (which includes the par amount of the Bonds less an underwriting discount of \$ _____, [and/plus] a net original issue [discount/premium] of \$ _____) plus interest accrued, if any, on the Bonds from the dated date of the Bonds to the date of the Closing (as hereinafter defined).

2. *Public Offering.* The Underwriters agree to make a bona fide initial public offering of all of the Bonds and certify to the Issuer that they have sold at least 10% of each maturity of the Bonds to the public at prices equal to the respective initial public offering prices set forth on the cover of the Official Statement dated _____, 2010 (the "Official Statement").

3. *The Official Statement.* (a) Copies of the Preliminary Official Statement dated _____, 2010 (the "Preliminary Official Statement") and draft of the final Official Statement have been provided to the Issuer, bond counsel, local counsel and administrative officers for their final review.

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") system, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, or cause to be prepared and furnished, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to file the Official Statement with the MSRB through its EMMA system. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. *Representations, Warranties, and Covenants of the Issuer.* The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a public body and an instrumentality of the Commonwealth of Pennsylvania (the "*Commonwealth*" or "*State*") duly created and validly existing under the Constitution and laws of the Commonwealth and vested with all the rights, powers and privileges set forth in the Charter of the County (the "*Charter*"), which was adopted pursuant to Section 207 of the Commonwealth's Home Rule Charter and Optional Plans Law of 1972, Act 62 (P.L. 184) as amended (the "*Enabling Act*"). The Issuer is a political subdivision of the Commonwealth and has full legal right, power and authority under the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82, (the "*Act*") and at the date of the Closing will have full legal right, power and authority under the Act and the Ordinance (i) to enter into, execute and deliver this Agreement, the Ordinance and the Continuing Disclosure Undertaking (the "*Undertaking*") as defined in Section 6(i)(3) hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Ordinance, the Undertaking and the other documents referred to in this clause (i) are hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement. The Ordinance, the Charter and the Enabling Act are in full force and effect and have not been amended, supplemented or otherwise modified except as indicated in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge it purports to create as set forth in the Ordinance;

(d) With respect to the Bonds, the Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the Commonwealth or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, Ordinance, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise

subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or material default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, agreement or other instrument to which the Issuer is a party;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents, and the Bonds have been or will be duly obtained;

(f) The Bonds shall conform to the descriptions thereof contained in the Official Statement under the caption "The Bonds"; the Ordinance shall conform to the description thereof contained in the Official Statement under the caption "Introduction"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "Plan of Finance"; and the Undertaking shall conform to the description thereof contained in the Official Statement under the caption "Continuing Disclosure Undertaking".

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, or the collection of taxes pledged to the payment of principal of and interest on the Bonds, pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes under existing laws or the exclusion from gross income of interest on the Bonds from Pennsylvania personal income tax and Pennsylvania personal property taxes under the laws of the Commonwealth, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, if any such action does exist or is threatened, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the portions of the Preliminary Official Statement pertaining to the Issuer do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the portions of the Official Statement pertaining to the Issuer do not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and not to take or omit to take any

action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or State income tax purposes of the interest on the Bonds;

(k) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer ;

(l) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money payable from or secured by any of the revenues which will secure the Bonds without prior notice to the Representative; and

(m) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

5. *Closing.*

(a) At such time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters via the Book-Entry Only System of the Depository Trust System, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section II of this Agreement by a wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds shall be made to The Depository Trust Company, New York, New York ("*DTC*") (or, if applicable under DTC's Fully Automated Securities Transfer program, by the Paying Agent as DTC's transfer agent (the "*FAST Agent*")). The duly executed, sealed and authenticated Bonds in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, shall be delivered to DTC (or the FAST Agent) in accordance with its requirements and procedures, and shall be made available to the Representative or its counsel at least one business day before such delivery for purposes of inspection.

6. *Closing Conditions.* The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

- (b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;
- (c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver its respective opinion referred to hereafter;
- (d) At or prior to the Closing, the Ordinance shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered the Bonds to the Paying Agent for the Paying Agent's authentication of the Bonds;
- (e) At or prior to the Closing, the Bond Insurance Policy shall have been duly executed, issued and delivered by Assured Guaranty Corporation ("AGC"), the Bond Insurer;
- (f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;
- (g) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;
- (h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;
- (i) At or prior to the Closing, the Representative shall have received copies of each of the following documents:
- (1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by an officer of the Issuer, or such other official as may have been agreed to by the Representative, and the reports and audits referred to or appearing in the Official Statement;
 - (2) The Ordinance with such supplements or amendments as may have been agreed to by the Representative;
 - (3) The Undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule;
 - (4) The opinion of Bond Counsel with respect to the Bonds;
 - (5) The opinion of the County Solicitor with respect to the Bonds;

(6) A certificate, dated the date of Closing, of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, including payments on the Bonds, pursuant to the Ordinance, and other income, or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the Ordinances of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement pertaining to the Issuer is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(8) Any other certificates and opinions required by the Ordinance for the issuance thereunder of the Bonds;

(9) A Municipal Bond Insurance Policy (the "Bond Insurance Policy") from AGC and a credit rating from Standard and Poor's Corporation of "AAA" (negative outlook) and Moody's Investors Service of "Aa3" (negative outlook) based on the receipt of a Bond Insurance Policy; and

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder.

7. *Termination.* Either party shall have the right to terminate this Agreement and their obligations hereunder if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the Commonwealth or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) A general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(d) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(e) Any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessments or the levy of taxes to pay principal of and interest on the Bonds;

(f) Any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) There shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(h) The United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise which in the judgement of the Representative would have a material adverse affect upon the Underwriters' ability to market the Bonds;

(i) Any fact or event shall exist or have existed that, in the Representative's judgment, requires or has required an amendment of or supplement to the Official Statement;

(j) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations or any rating of the Bond Insurer; and

(k) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. *Expenses.* The Issuer shall pay all costs of issuance. Included in these costs are any rating, filing or insurance fees; printing of Bonds and official statements; underwriting discount; verification agent fee; paying agent, sinking fund depository fees; Issuer Bond counsel and local counsel fees and expenses; and any other such miscellaneous expenses which occur in the normal underwriting of a Bond issue. See Schedule III for estimated costs of issuance.

9. *Parties in Interest.* This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer or the Underwriters. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

10. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

11. *Choice of Law.* This Agreement and all matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

12. *Severability.* If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

13. *Business Day.* For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

14. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

15. *Counterparts.* This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.


Respectfully submitted,

RBC CAPITAL MARKETS CORPORATION, as Representative

By _____
Name Henry J. Sallusti
Title Managing Director
Date _____, 2010

ACCEPTANCE

ACCEPTED at _____ [am/pm] EST this _____ th day of _____ 2010
COUNTY OF LACKAWANNA, PENNSYLVANIA

By  _____
Name _____
Title _____

SCHEDULE I

UNDERWRITERS

**RBC Capital Markets Corporation
Philadelphia, Pennsylvania**

**Janney Montgomery Scott
Philadelphia, New York**

**PNC Capital Markets, Inc.
Philadelphia, Pennsylvania**

SCHEDULE II

[\$52,210,000]

LACKAWANNA COUNTY, PENNSYLVANIA

General Obligation Bonds, Series B of 2010

Summary

Dated	Date of Delivery
Interest Payable	March 1 and September 1
First Interest Payment Date	September 1, 2010
Expected Settlement Date	_____, 2010

Principal Amount	100.000%		\$
Less: Underwriting Discount	0. %		()
Plus: Original Issue [Discount/Premium]			_____
Bid Price	. %		\$
Net Proceeds from Sale			\$

Bond Issue consists of:

<u>Par Amount</u>	<u>Interest Rate (%)</u>	<u>Yield To Maturity (%)</u>	<u>Initial Offering Price</u>	<u>Due</u>
General Obligation Bonds, Series B of 2010				September 1, 2010
General Obligation Bonds, Series B of 2010				September 1, 2011
General Obligation Bonds, Series B of 2010				September 1, 2012
General Obligation Bonds, Series B of 2010				September 1, 2013
General Obligation Bonds, Series B of 2010				September 1, 2014
General Obligation Bonds, Series B of 2010				September 1, 2015
General Obligation Bonds, Series B of 2010				September 1, 2016
General Obligation Bonds, Series B of 2010				September 1, 2017
General Obligation Bonds, Series B of 2010				September 1, 2018
General Obligation Bonds, Series B of 2010				September 1, 2019
General Obligation Bonds, Series B of 2010				September 1, 2020
General Obligation Bonds, Series B of 2010				September 1, 2021
General Obligation Bonds, Series B of 2010				September 1, 2022
General Obligation Bonds, Series B of 2010				September 1, 2023
General Obligation Bonds, Series B of 2010				September 1, 2024
General Obligation Bonds, Series B of 2010				September 1, 2025
General Obligation Bonds, Series B of 2010				September 1, 2026
General Obligation Bonds, Series B of 2010				September 1, 2027
General Obligation Bonds, Series B of 2010				September 1, 2028
General Obligation Bonds, Series B of 2010				September 1, 2029
General Obligation Bonds, Series B of 2010				September 1, 2030
General Obligation Bonds, Series B of 2010				September 1, 2031
General Obligation Bonds, Series B of 2010				September 1, 2032
General Obligation Bonds, Series B of 2010				September 1, 2033
General Obligation Bonds, Series B of 2010				September 1, 2034
General Obligation Bonds, Series B of 2010				September 1, 2035

SCHEDULE II - Continued

Optional Redemption

The Bonds maturing on and after September 1, ____ are subject to redemption prior to maturity, at the option of the County, in whole or in part, on or after ____ in any order of maturities selected by the County at a redemption price of 100% of the principal amount, plus accrued interest to the date fixed for redemption. In the event that less than all Bonds of any particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

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

Mandatory Redemption

The Bonds stated to mature on September 1, ____ are subject to mandatory redemption prior to maturity, in the amounts and on September 1 of the years shown below, from money deposited by the County in the Sinking Fund (as hereafter defined) created pursuant to the Ordinance, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Year

Amount

\$

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the County, may purchase Bonds with the money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the County may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

SCHEDULE III

[\$52,210,000]

LACKAWANNA COUNTY, PENNSYLVANIA

General Obligation Bonds, Series B of 2010

Composition of the Bond Issue

SOURCES:

Par Amount of Bonds:	\$
Net Original Issue [Discount/Premium]	
Accrued Interest	_____
Total Sources:	\$

USES:

Deposit to Current Refunding Fund	\$
Swap Termination	
Underwriters' Discount	
Deposit to Debt Service Fund	
Bond Insurance Premium	
Financing Costs	
Rounding	_____
TOTAL USES	\$

SCHEDULE I

COUNTY OF LACKAWANNA
\$60,000,000 General Obligation Bonds, Series B of 2010

MAXIMUM PRINCIPAL, INTEREST RATE AND YIELD SCHEDULE

LACKAWANNA COUNTY
LACKAWANNA COUNTY, PENNSYLVANIA

GENERAL OBLIGATION BONDS, SERIES B OF 2010

MAXIMUM DEBT SERVICE REQUIREMENTS

DATE	PRINCIPAL	RATE/ YIELD	INTEREST	DEBT SERVICE	FISCAL YEAR DEBT SERVICE
1-Jul-10					
1-Sep-10			675,000.00	675,000.00	675,000.00
1-Mar-11			2,025,000.00	2,025,000.00	-
1-Sep-11	50,000.00	6.7500%	2,025,000.00	2,075,000.00	4,100,000.00
1-Mar-12	-		2,023,312.50	2,023,312.50	-
1-Sep-12	50,000.00	6.7500%	2,023,312.50	2,073,312.50	4,096,625.00
1-Mar-13	-		2,021,625.00	2,021,625.00	-
1-Sep-13	50,000.00	6.7500%	2,021,625.00	2,071,625.00	4,093,250.00
1-Mar-14	-		2,019,937.50	2,019,937.50	-
1-Sep-14	50,000.00	6.7500%	2,019,937.50	2,069,937.50	4,089,875.00
1-Mar-15	-		2,018,250.00	2,018,250.00	-
1-Sep-15	50,000.00	6.7500%	2,018,250.00	2,068,250.00	4,086,500.00
1-Mar-16	-		2,016,562.50	2,016,562.50	-
1-Sep-16	50,000.00	6.7500%	2,016,562.50	2,066,562.50	4,083,125.00
1-Mar-17	-		2,014,875.00	2,014,875.00	-
1-Sep-17	100,000.00	6.7500%	2,014,875.00	2,114,875.00	4,129,750.00
1-Mar-18	-		2,011,500.00	2,011,500.00	-
1-Sep-18	50,000.00	6.7500%	2,011,500.00	2,061,500.00	4,073,000.00
1-Mar-19	-		2,009,812.50	2,009,812.50	-
1-Sep-19	50,000.00	6.7500%	2,009,812.50	2,059,812.50	4,069,625.00
1-Mar-20	-		2,008,125.00	2,008,125.00	-
1-Sep-20	50,000.00	6.7500%	2,008,125.00	2,058,125.00	4,066,250.00
1-Mar-21	-		2,006,437.50	2,006,437.50	-
1-Sep-21	50,000.00	6.7500%	2,006,437.50	2,056,437.50	4,062,875.00
1-Mar-22	-		2,004,750.00	2,004,750.00	-
1-Sep-22	1,615,000.00	6.7500%	2,004,750.00	3,619,750.00	5,624,500.00
1-Mar-23	-		1,950,243.75	1,950,243.75	-
1-Sep-23	2,555,000.00	6.7500%	1,950,243.75	4,505,243.75	6,455,487.50
1-Mar-24	-		1,884,012.50	1,884,012.50	-
1-Sep-24	3,175,000.00	6.7500%	1,884,012.50	5,039,012.50	6,903,025.00
1-Mar-25	-		1,756,856.25	1,756,856.25	-
1-Sep-25	3,265,000.00	6.7500%	1,756,856.25	5,021,856.25	6,778,712.50
1-Mar-26	-		1,646,662.50	1,646,662.50	-
1-Sep-26	3,355,000.00	6.7500%	1,646,662.50	5,001,662.50	6,648,325.00
1-Mar-27	-		1,533,431.25	1,533,431.25	-
1-Sep-27	3,450,000.00	6.7500%	1,533,431.25	4,983,431.25	6,516,862.50
1-Mar-28	-		1,416,993.75	1,416,993.75	-
1-Sep-28	3,505,000.00	6.7500%	1,416,993.75	4,921,993.75	6,338,987.50
1-Mar-29	-		1,298,700.00	1,298,700.00	-
1-Sep-29	3,590,000.00	6.7500%	1,298,700.00	4,888,700.00	6,187,400.00
1-Mar-30	-		1,177,537.50	1,177,537.50	-
1-Sep-30	5,240,000.00	6.7500%	1,177,537.50	6,417,537.50	7,595,075.00
1-Mar-31	-		1,000,687.50	1,000,687.50	-
1-Sep-31	5,420,000.00	6.7500%	1,000,687.50	6,420,687.50	7,421,375.00
1-Mar-32	-		817,762.50	817,762.50	-
1-Sep-32	5,615,000.00	6.7500%	817,762.50	6,432,762.50	7,250,525.00
1-Mar-33	-		628,256.25	628,256.25	-
1-Sep-33	5,810,000.00	6.7500%	628,256.25	6,438,256.25	7,066,512.50
1-Mar-34	-		432,168.75	432,168.75	-
1-Sep-34	6,020,000.00	6.7500%	432,168.75	6,452,168.75	6,884,337.50
1-Mar-35	-		228,993.75	228,993.75	-
1-Sep-35	6,785,000.00	6.7500%	228,993.75	7,013,993.75	7,242,987.50
	60,000,000.00		80,539,987.50	140,539,987.50	140,539,987.50

CERTIFICATE

I, the undersigned officer of the County of Lackawanna, Pennsylvania (the "County"), hereby certify that: (a) attached to this Certificate is a true, correct and complete copy of an Ordinance (the "Ordinance") which was duly enacted at a meeting of the Board of Commissioners of the County on May 26, 2010, at which a quorum was present and acting throughout, and which was at all times open to the public; (b) the Ordinance was duly recorded in the County's Ordinance Book, and a summary of the Ordinance was published as required by law in a newspaper of general circulation in the County; (c) the County met the advance notice requirements of Sunshine Act, 65 Pa. C.S. § 701 *et seq.*, by advertising the date of the meeting and posting a notice of the meeting at the public meeting place of the Board of Commissioners; (d) the total number of members of the Board of Commissioners is three; and (e) the vote upon the Ordinance was called and duly recorded upon the minutes and that the members voted in the following manner:

	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
Michael J. Washo	<u>✓</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
Corey D. O'Brien	<u>α</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
A. J. Munchak	<u>α</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

WITNESS my hand and seal of the County this ___ day of May, 2010.



Chief of Staff

(SEAL)