



County of Lackawanna

Lackawanna County
Administration Building
200 Adams Avenue
Scranton, Pennsylvania
18503

Certified Copy

Ordinance: 16-0045

File Number: 16-0045

Ordinance #242

Second Reading

General Obligation Bonds, Series A and B of 2016

First Reading: February 10, 2016

Second Reading: February 24, 2016

ORDINANCE #242

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

ENACTED FEBRUARY 24, 2016

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE TWO SERIES OF GENERAL OBLIGATION BONDS OF THE COUNTY IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED EIGHTY MILLION DOLLARS (\$80,000,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA.C.S., CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE COUNTY; DETERMINING THAT SUCH BONDS SHALL EVIDENCE NONELECTORAL DEBT OF THE COUNTY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS FOR A CERTAIN PROJECT OF THE COUNTY WHICH CONSISTS OF THE FOLLOWING: (1) CURRENTLY REFUNDING THE COUNTY'S OUTSTANDING GENERAL OBLIGATION NOTES, SERIES A OF 2008; (2) ADVANCE REFUNDING THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES A OF 2007; (3) ADVANCE REFUNDING THE COUNTY'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES E OF 2008; AND (4) PAYING THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS; SETTING FORTH THE REASONABLE ESTIMATED USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH BONDS AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BONDS, WHEN ISSUED, SHALL CONSTITUTE GENERAL OBLIGATIONS OF THE COUNTY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES AND REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING SPECIFIED OFFICERS

OF THE COUNTY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BONDS TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY IN SUPPORT THEREOF; CREATING TWO SINKING FUNDS IN CONNECTION WITH SUCH BONDS, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BONDS WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE COUNTY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE INVESTMENT OF PROCEEDS OF THE BONDS AND THE REFUNDING OF THE PRIOR BONDS; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE COUNTY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BONDS, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE COUNTY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE COUNTY TO DELIVER THE BONDS UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE COUNTY FROM TAKING ACTIONS WHICH WOULD CAUSE THE BONDS TO BECOME "ARBITRAGE BONDS" OR "PRIVATE ACTIVITY BONDS," AS THOSE TERMS ARE USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; AUTHORIZING THE PURCHASE OF BOND INSURANCE (IF APPLICABLE) AND SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE BOND INSURER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; AUTHORIZING THE EXECUTION OF ONE OR MORE ESCROW AGREEMENTS BY AND BETWEEN THE COUNTY AND THE ESCROW AGENTS NAMED THEREIN IN CONNECTION WITH THE REFUNDING OF THE PRIOR BONDS, IF NECESSARY OR DESIRABLE; APPROVING THE PREPARATION, USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT BY THE PURCHASER IN CONNECTION WITH THE MARKETING OF THE BONDS; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; AUTHORIZING AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY OF ALL OTHER REQUIRED DOCUMENTS AND THE TAKING OF ALL OTHER REQUIRED ACTION; PROVIDING FOR SEVERABILITY OF PROVISIONS; PROVIDING FOR THE REPEALING OF ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, the County of Lackawanna, Pennsylvania (the "County"), is a home rule charter county operating under the Home Rule Charter and Optional Plans Law of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, the County, in contemplation of the issuance and sale of two series of its general obligation bonds in an aggregate principal amount not to exceed Eighty Million Dollars (\$80,000,000), to provide funds for and towards certain projects of the County, has determined that the Bonds (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the "Act") and has determined that a private sale by negotiation is in the best financial interests of the County; and

WHEREAS, the Board of Commissioners of the County (the "Board") has determined that such Bonds will be issued as two series of general obligation bonds consisting of Fifty Million Dollars (\$50,000,000) maximum aggregate principal amount General Obligation Bonds, Series A of 2016 (the "Series A Bonds"), and Thirty Million Dollars (\$30,000,000) maximum aggregate principal amount General Obligation Bonds, Series B of 2016 (the "Series B Bonds", and together with the Series A Bonds, the "Bonds") or such other name or designation including the appropriate designation of the series and year such Bonds are issued as shall be selected by the Chairman or Vice Chairman of the Board upon delivery of each series of the definitive Bonds in accordance with this Ordinance; and

WHEREAS, the Board has determined to accept the proposal of Boening & Scattergood, Inc., West Conshohocken, Pennsylvania, as representative (the "Purchaser"), for the purchase of the Bonds, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the "Department") relating to the incurring of the indebtedness to be evidenced by the Bonds; and

WHEREAS, the County has heretofore issued its \$44,540,000 original aggregate principal amount General Obligation Notes, Series A of 2008 (the "2008A Notes"), a portion of which remains outstanding (such portion being hereinafter referred to as the "Refunded 2008A Notes"); and

WHEREAS, the County desires to authorize the current refunding of the outstanding Refunded 2008A Notes for the purpose of reducing the total debt service over the life of the 2008A Notes and/or for the purpose of substituting bonds for notes; and

WHEREAS, the Series A Bonds which are being issued to currently refund the Refunded 2008A Notes will not be outstanding through a maturity date that could not have been included in the issue of the 2008A Notes; and

WHEREAS, if necessary or desirable, a portion of the proceeds of the Series A Bonds shall be deposited in escrow pursuant to the terms of an escrow agreement (the "2008A Notes Escrow Agreement"), to be executed by and between the County and an escrow agent named therein (the "2008A Notes Escrow Agent"), such that such portion of the proceeds of the Series A Bonds, together with interest to be earned thereon (if any), will be held by the 2008A Notes Escrow Agent in a separate escrow account and irrevocably pledged for the redemption of the Refunded 2008A Notes,

all as shall be set forth more fully in the 2008A Notes Escrow Agreement; and

WHEREAS, the County has heretofore issued its \$21,090,000 original aggregate principal amount General Obligation Bonds, Series A of 2007 (the "2007A Bonds"), a portion of which remains outstanding (such portion being hereinafter referred to as the "Refunded 2007A Bonds"); and

WHEREAS, the County desires to authorize the advance refunding of the outstanding Refunded 2007A Bonds for the purpose of reducing the total debt service over the life of the 2007A Bonds; and

WHEREAS, the Series B Bonds which are being issued to advance refund the Refunded 2007A Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2007A Bonds; and

WHEREAS, if necessary or desirable, a portion of the proceeds of the Series B Bonds shall be deposited in escrow pursuant to the terms of an escrow agreement (the "2007A Bonds Escrow Agreement"), to be executed by and between the County and an escrow agent named therein (the "2007A Bonds Escrow Agent"), such that such portion of the proceeds of the Series B Bonds, together with interest to be earned thereon (if any), will be held by the 2007A Bonds Escrow Agent in a separate escrow account and irrevocably pledged for the redemption of the Refunded 2007A Bonds, all as shall be set forth more fully in the 2007A Bonds Escrow Agreement; and

WHEREAS, the County has heretofore issued its \$17,960,000 original aggregate principal amount General Obligation Bonds, Series E of 2008 (the "2008E Bonds"), a portion of which remains outstanding (such portion being hereinafter referred to as the "Refunded 2008E Bonds"); and

WHEREAS, the County desires to authorize the advance refunding of the outstanding Refunded 2008E Bonds for the purpose of reducing the total debt service over the life of the 2008E Bonds; and

WHEREAS, the Series B Bonds which are being issued to advance refund the Refunded 2008E Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2008E Bonds; and

WHEREAS, if necessary or desirable, a portion of the proceeds of the Series B Bonds shall be deposited in escrow pursuant to the terms of an escrow agreement (the "2008E Bonds Escrow Agreement"), to be executed by and between the County and an escrow agent named therein (the "2008E Bonds Escrow Agent"), such that such portion of the proceeds of the Series B Bonds, together with interest to be earned thereon (if any), will be held by the 2008E Bonds Escrow Agent in a separate escrow account and irrevocably pledged for the redemption of the Refunded 2008E Bonds, all as shall be set forth more fully in the 2008E Bonds Escrow Agreement; and

WHEREAS, the Refunded 2008A Notes, the Refunded 2007A Bonds and the Refunded 2008E Bonds are hereinafter collectively referred to as the "Prior Bonds"); and

WHEREAS, the Board has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount not to exceed Eighty Million Dollars (\$80,000,000) to fund a certain project (hereinafter described) of the County pursuant to the provisions of the Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Board of Commissioners of the County of Lackawanna, Pennsylvania, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Ordinance, the Board hereby authorizes and directs the issuance of two series of general obligation bonds in the aggregate principal amount not to exceed Eighty Million Dollars (\$80,000,000). The Series A Bonds will be issued in the aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000) and will be designated generally as "County of Lackawanna, Pennsylvania, General Obligation Bonds, Series A of 2016"; and the Series B Bonds will be issued in the aggregate principal amount not to exceed Thirty Million Dollars (\$30,000,000) and will be designated generally as "County of Lackawanna, Pennsylvania, General Obligation Bonds, Series B of 2016", or such other names or designations including the appropriate designation of the series and years such Bonds are issued as shall be selected by the Chairman or Vice Chairman of the Board upon delivery of the definitive Bonds in accordance with this Ordinance. The Bonds shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Board hereby finds and determines that a private sale by negotiation is in the best financial interests of the County.

Section 2. The Board determines that the debt to be incurred pursuant to this Ordinance, which will be evidenced by the Bonds, shall be nonelectoral debt of the County.

Section 3. A brief description of the project (the "Series A Project") to be funded with a portion of the proceeds of the Series A Bonds is as follows: (1) currently refunding the Refunded 2008A Notes, and (2) paying the costs and issuance of the issuance of the Series A Bonds.

The remaining realistic estimated useful lives of the capital projects that were financed and refinanced by the proceeds of the 2008A Notes which are to be refinanced by a portion of the proceeds of the Series A Bonds are at least 20 years. It is hereby certified that an aggregate principal amount of the Series A Bonds at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project.

A brief description of the project (the "Series B Project", and together with the Series A Project, the "Project") to be funded with a portion of the proceeds of the Series B Bonds is as follows: (1) advance refunding the Refunded 2007A Bonds, (2) advance refunding the Refunded 2008E Bonds, and (3) paying the costs and issuance of the issuance of the Series B Bonds.

The remaining realistic estimated useful lives of the capital projects that were financed by the proceeds of the 2007A Bonds which are to be refinanced by a portion of the proceeds of the Series B Bonds are at least 15 years. It is hereby certified that an aggregate principal amount of the Series B Bonds at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project.

The remaining realistic estimated useful lives of the capital projects that were financed and refinanced by the proceeds of the 2008E Bonds which are to be refinanced by a portion of the proceeds of the Series B Bonds are at least 15 years. It is hereby certified that an aggregate principal amount of the Series B Bonds at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project.

Stated installments of maturities of principal of the Bonds will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the

Project or two years from the date of issuance of the Bonds.

The County hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

Section 4. In connection with the issuance and sale of the Series A Bonds, the Board of the County, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the current refunding of the Refunded 2008A Notes is to reduce total debt service over the life of the 2008A Notes and/or for the purpose of substituting bonds for notes; and (b) that the current refunding of the Refunded 2008A Notes is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Board further finds and determines that the final maturity date of the Series A Bonds issued to effect the current refunding of the Refunded 2008A Notes does not extend to a date that could not have been included in the 2008A Note issue.

The Board hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the current refunding of the Refunded 2008A Notes, including, but not limited to, providing notice to Community Bank, N.A., previously Community Bank National Association d/b/a First Liberty Bank & Trust, Scranton, Pennsylvania, as Paying Agent for the Refunded 2008A Notes, to call the Refunded 2008A Notes for optional redemption in full on such date as selected by the Chairman or Vice Chairman of the Board upon delivery of the definitive Series A Bonds in accordance with this Ordinance. In accordance with Section 8246 of the Act, it is the intent of the Board that the Refunded 2008A Notes shall no longer be outstanding from and after the date of the issuance of the Series A Bonds.

In connection with the issuance and sale of the Series B Bonds, the Board of the County, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the advance refunding of the Refunded 2007A Bonds is to reduce total debt service over the life of the 2007A Bonds; and (b) that the advance refunding of the Refunded 2007A Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Board further finds and determines that the final maturity date of the Series B Bonds issued to effect the advance refunding of the Refunded 2007A Bonds does not extend to a date that could not have been included in the 2007A Bond issue.

The Board hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the advance refunding of the Refunded 2007A Bonds, including, but not limited to, providing notice to Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, as Paying Agent for the Refunded 2007A Bonds, to call the Refunded 2007A Bonds for optional redemption in full on September 15, 2017, or such other date as selected by the Chairman or Vice Chairman of the Board upon delivery of the definitive Series B Bonds in accordance with this Ordinance. In accordance with Section 8246 of the Act, it is the intent of the Board that the Refunded 2007A Bonds shall no longer be outstanding from and after the date of the issuance of the Series B Bonds.

In connection with the issuance and sale of the Series B Bonds, the Board of the County, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the advance refunding of the Refunded 2008E Bonds is to reduce total debt service over the life of the 2008E Bonds; and (b) that the advance refunding of the Refunded 2008E Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Board further finds and determines that the final maturity date of the Series B Bonds issued to effect the advance refunding of the Refunded 2008E Bonds does not extend to a date that could not have been included in the 2008E Bond issue.

The Board hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the advance refunding of the Refunded 2008E Bonds, including, but not limited to, providing notice to Community Bank, N.A., previously Community Bank National Association d/b/a First Liberty Bank & Trust, Scranton, Pennsylvania, as Paying Agent for the Refunded 2008E Bonds, to call the Refunded 2008E Bonds for optional redemption in full on January 1, 2019, or such other date as selected by the Chairman or Vice Chairman of the Board upon delivery of the definitive Series B Bonds in accordance with this Ordinance. In accordance with Section 8246 of the Act, it is the intent of the Board that the Refunded 2008E Bonds shall no longer be outstanding from and after the date of the issuance of the Series B Bonds.

Section 5. Subject to the approval of the Department, as required by the provisions of the Act, the Board shall and does hereby accept the proposal of the Purchaser, for the purchase of the Bonds in accordance with the terms and conditions of this Ordinance and the Purchaser's proposal, dated February 24, 2016 (the "Proposal"). The sale of the Bonds shall be for an aggregate purchase price of not less than 96% of the aggregate par amount of the Bonds issued by the County, exclusive of any original issue discount and any original issue premium, plus accrued interest, if any, from the date of the Bonds to the date of delivery thereof. The Chairman or Vice Chairman of the Board is hereby authorized and directed to accept and to execute the Proposal and any supplements, amendments and/or confirmations thereto in the name and on behalf of the County, and Andrew M. Wallace, Chief of Staff of the County (the "Chief of Staff"), or the Assistant Chief of Staff of the County is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, as presented to the Board and accepted by this Ordinance, is incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by the County with respect to such bid security, except as provided by the Act. Upon final pricing of each series of the Bonds, the Purchaser will present to the County an addendum or confirmation to the Proposal for each series of the Bonds setting forth the final terms and conditions of each series of the Bonds, including the final principal amount, interest rates, redemption provisions and purchase price for each series of the Bonds (collectively, the "Addendum"). As long as the terms and conditions set forth in the Addendum satisfy the parameters set forth in this Ordinance, the Chairman or Vice Chairman of the Board is hereby authorized and directed to accept and to execute the Addendum in the name and on behalf of the County, and the Chief of Staff or Assistant Chief of Staff of the County is hereby authorized and directed to attest to such acceptance and execution.

Section 6. Each series of the Bonds, when issued, will be a general obligation of the County.

Section 7. Each series of the Bonds shall be fully registered, without coupons, in denominations of \$5,000 or any integral multiple thereof, in substantially the form hereinafter set forth in Section 10. Each series of the Bonds shall be dated and shall bear interest from that date at the applicable rates per annum on the dates (each an "Interest Payment Date"), until maturity or prior redemption, as set forth in the definitive Bonds for such series as delivered to the Purchaser in accordance with the provisions hereof, subject, in each case, to the parameters set forth in Section 8.

Section 8. The Series A Bonds shall bear the maximum rates of interest and shall mature, whether by maturity or mandatory sinking fund redemption, on the dates and in the maximum amounts as set forth on Exhibit "A" attached hereto. The Series B Bonds shall bear the maximum rates of interest and shall mature, whether by maturity or mandatory sinking fund redemption, on the dates and in the maximum amounts as set forth on Exhibit "B" attached hereto

Each series of the Bonds shall be issued in such aggregate principal amounts among series, as serial bonds or term bonds and shall be subject to optional and mandatory sinking fund redemption as set forth in the definitive Bonds as delivered to the Purchaser in accordance with the provisions hereof and the delivery instructions of the Purchaser; provided however that the interest rates on the Bonds, and any serial maturities or mandatory sinking fund redemption amounts shall be within the parameters set forth on Exhibit "A" and Exhibit "B" attached hereto, respectively.

In lieu of such mandatory redemption, the Paying Agent, on behalf of the County, may purchase, from money in the hereinafter-defined Sinking Funds, or the County may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of the same series and of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

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

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

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

Section 9. The proper officers of the County are hereby authorized, empowered and directed to contract with The Fidelity Deposit and Discount Bank, Dunmore, Pennsylvania, as paying agent, or such other paying agent which shall be a bank or bank and trust company authorized to do business in the Commonwealth, as may be selected by the Chairman or Vice Chairman of the Board

upon delivery of each series of the definitive Bonds in accordance with this Ordinance (any such paying agent selected in accordance with this Section 9 being hereinafter referred to as the "Paying Agent"), for its services as paying agent and sinking fund depository in accordance with the terms and conditions of the Proposal, this Ordinance and the Act. Payment of the principal of and interest on the Bonds shall be made, when due, in accordance with the provisions of the Bonds, at the corporate trust office of the Paying Agent in lawful money of the United States of America.

Section 10. Each series of the Bonds shall be in substantially the form set forth in Exhibit "C" hereto. The form of the Bonds as submitted to the County is hereby approved in substantially such form, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, series designation, interest rates, principal amounts, the name or designation and the final redemption provisions, of the Bonds as specified to the County in the delivery instructions of the Purchaser and such other changes as the Chairman or Vice Chairman of the Board may approve upon advice of counsel to the County, such approval to be evidenced by such officer's execution and delivery of the Bonds.

Section 11. The Bonds shall be executed in the name and on behalf of the County by the true or facsimile signature of at least two members of the Board and the true or facsimile official seal of the County shall be affixed thereunto, duly attested by the true or facsimile signature of the Chief of Staff or Assistant Chief of Staff of the County. Said officers are authorized and directed to execute and attest the Bonds. The execution and delivery of the Bonds in accordance with Section 10 hereof shall constitute conclusive proof of the approval of the final terms and provisions of the Bonds by the County.

No Bond constituting one of the Bonds shall be entitled to any benefit under this Ordinance nor shall it be valid, obligatory or enforceable for any purpose until such Bond shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Paying Agent; and the Paying Agent is authorized to register and authenticate the Bonds in accordance with the provisions hereof.

Each series of the Bonds shall initially be issued in the form of one fully-registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). The Bonds issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Bonds shall be registered in the registration books kept by the Paying Agent in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the County or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Paying Agent, in connection with discontinuing the book-entry system as below or otherwise.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price, if any, or interest on such Bonds shall be made to DTC or its nominee. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the County or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid.

The County and the Paying Agent shall treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to

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

So long as the 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 the Bonds under this Ordinance shall be given to DTC.

In connection with any notice or other communication to be provided to registered owners of the Bonds pursuant to this Ordinance by the County or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the County or the Paying Agent may establish a special record date for such consent or other action. The County or the Paying Agent shall give DTC notice of such special record date not less than 10 calendar days in advance of such special record date to the extent possible.

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

Section 12. The County covenants to and with the registered owners from time to time of the Bonds that the County (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the County in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Bonds for such year, and (iii) shall duly and punctually pay or cause to be paid from its Sinking Funds or any other of its revenues or funds the principal amount of the Bonds and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and

payment, the County shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of the County shall be enforceable specifically.

Section 13. The County hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, a sinking fund for the Series A Bonds, to be known as "Sinking Fund – County of Lackawanna, Pennsylvania, General Obligation Bonds, Series A of 2016" (the "Series A Sinking Fund"); and a sinking fund for the Series B Bonds, to be known as "Sinking Fund – County of Lackawanna, Pennsylvania, General Obligation Bonds, Series B of 2016" (the "Series B Sinking Fund", and together with the Series A Sinking Fund, the "Sinking Funds") which shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.

Section 14. The Paying Agent shall be the "sinking fund depository" with respect to the Sinking Funds created pursuant to Section 13. The County covenants and agrees to deposit in the Sinking Funds, on or before each Interest Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Interest Payment Date all principal and accrued interest becoming due with respect to the Bonds. After such deposit, the Paying Agent shall, without further authorization or direction from the County or any of its officials, upon proper and timely presentation, execution and surrender of the Bonds, with respect to the payment of principal of the Bonds, or at the Interest Payment Date, with respect to the payment of interest on the Bonds, withdraw moneys from the Sinking Funds and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

Section 15. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Record Date preceding the first Interest Payment Date, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds. Interest shall be paid as set forth in the definitive Bonds, until the principal sum is paid. Interest on the Bonds is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date or such other day approved by the Chairman or Vice Chairman of the Board upon delivery of each series of the definitive Bonds in accordance with this Ordinance (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the County shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not less than ten (10) days preceding such special

record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing or such other day approved by the Chairman or Vice Chairman of the Board upon delivery of each series of the definitive Bonds in accordance with this Ordinance.

If the date for payment of the principal of or the interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then the payment of such principal or interest need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the on the nominal date of redemption, and no interest shall accrue after such date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

The County and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

The Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bonds in the registration books of the County maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds of authorized denominations of the same series and maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The County and the Paying Agent may deem and treat the persons in whose names the Bonds shall be registered on the registration books of the County maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Bonds shall be overdue or not, and payment of the principal of and/or interest on the Bonds shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Bonds provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of the County upon the Bonds so paid, to the extent of the sum or sums so paid, and neither the County nor the Paying Agent shall be affected by any notice to the contrary.

The County shall cause to be kept, and the Paying Agent shall keep, at the principal corporate trust office of the Paying Agent, books for the registration, exchange and transfer of Bonds in the manner provided herein and therein so long as the Bonds shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to bondholders, except

for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

Section 16. If necessary, the County hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the Bonds and the refunding of the Prior Bonds. The County hereby authorizes and directs the Chairman or Vice Chairman of the Board to execute and the Chief of Staff or Assistant Chief of Staff of the County to attest, any investment agreement on behalf of the County, in the form approved by John J. Brazil, Jr., Esquire, the Solicitor to the County (the "Solicitor"), and Bond Counsel to the County. The Investments shall be limited to those authorized under law for proceeds of the Bonds.

Section 17. The Chairman or Vice Chairman of the Board or the Chief of Staff or Assistant Chief of Staff of the County, and, if applicable, their duly qualified respective successors, are each hereby authorized and directed, in the name and on behalf of the County: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Bonds, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Bonds or otherwise, all costs and expenses incurred by the County in connection with the issuance of the Bonds; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bonds, to the extent not inconsistent with this Ordinance or applicable law.

The Chairman or Vice Chairman of the Board or the Chief of Staff or Assistant Chief of Staff of the County and, if applicable, their duly qualified respective successors, are each authorized and directed, if necessary or desirable, to cause to be prepared and filed with the Department appropriate statements required by Section 8026 of the Act which are necessary to qualify the nonelectoral or lease rental debt of the County, which is subject to exclusion of self-liquidating or subsidized debt, for exclusion from the appropriate debt limits of the County as self-liquidating or subsidized debt.

Section 18. It is hereby declared that the debt to be evidenced by the Bonds, together with all other indebtedness of the County, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the County.

Section 19. The proper officers of the County are hereby authorized and directed to deliver the Bonds to the Purchaser, upon due registration and authentication thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 20. The County covenants to and with the registered owners of the Bonds that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Bonds, would cause such Bonds to be "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder. The County further covenants that it will comply with the requirements of such Section 148 and Section 141 and with the regulations thereunder throughout the term of this issue. In addition, the Chairman or Vice Chairman of the Board, being the official(s) responsible for issuing the Bonds, attested by the Chief of Staff or Assistant Chief of Staff of the County, are hereby authorized and directed to execute and deliver, in the name and on behalf of the County, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bonds are not "arbitrage bonds" or "private activity bonds" within the meanings of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Bonds, which certificate shall set forth the reasonable expectations of the County as to the amount and use of the proceeds of the Bonds.

Section 21. With respect to each series of the Bonds, if determined to be advantageous to the County by the Chairman or Vice Chairman of the Board, the Board hereby authorizes and directs the purchase of a municipal bond insurance policy (the "Municipal Bond Insurance Policy") to be issued by a municipal bond insurer (the "Insurer") acceptable to the Purchaser and the Chairman or Vice Chairman of the Board insuring the payment when due of the principal of and interest on such series of the Bonds as provided therein. Proper officers of the County are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, including the payment of the premium thereof.

The Chairman or Vice Chairman of the Board and the Chief of Staff or Assistant Chief of Staff of the County are hereby authorized and directed to execute any and all insurance agreements and certificates with or for the benefit of the Insurer as may be necessary regarding the issuance of the Bonds and the delivery of the Municipal Bond Insurance Policy and acceptable to such officers executing the same.

Section 22. If necessary, on the date of delivery of the Series A Bonds, to the extent required for a lawful defeasance of the Refunded 2008A Notes, the proper officers of the County are hereby authorized, empowered and directed to execute, attest and deliver the 2008A Notes Escrow Agreement in the form approved by such officers with the advice of the Solicitor to the County. The 2008A Notes Escrow Agreement shall provide for, among other things, the following: (i) a certification to the 2008A Bonds Escrow Agent of the amount required to pay the principal of, premium, if any, and interest on, the Refunded 2008A Notes, (ii) the deposit with the 2008A Notes Escrow Agent of an amount which, when taken together with the interest to be earned thereon, will be in the amount necessary to pay the principal of, premium, if any, and interest on the Refunded 2008A Notes maturing on or after the date fixed for the redemption thereof, as such date shall be selected by the Chairman or Vice Chairman of the Board upon delivery of the definitive Series A Bonds in accordance with this Ordinance, (iii) the investment of the amounts deposited with and held by the 2008A Notes Escrow Agent, (iv) a direction to the 2008A Notes Escrow Agent to cause notice of redemption to be given to the holders of the Refunded 2008A Notes, and (v) the irrevocable pledge and escrow of, and grant of a security interest in favor of the

2008A Notes Escrow Agent of all investments held by it pursuant to the 2008A Notes Escrow Agreement.

The County hereby authorizes and directs the proper officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the Refunded 2008A Notes to "no longer be deemed to be outstanding" as of the date of delivery of the Series A Bonds, within the meaning and for the purposes of Section 8250 of the Act and to pay the principal of and interest due on the Refunded 2008A Notes when due.

If necessary, on the date of delivery of the Series B Bonds, to the extent required for a lawful defeasance of the Refunded 2007A Bonds, the proper officers of the County are hereby authorized, empowered and directed to execute, attest and deliver the 2007A Bonds Escrow Agreement in the form approved by such officers with the advice of the Solicitor to the County. The 2007A Bonds Escrow Agreement shall provide for, among other things, the following: (i) a certification to the 2007A Bonds Escrow Agent of the amount required to pay the principal of, premium, if any, and interest on, the Refunded 2007A Bonds, (ii) the deposit with the 2007A Bonds Escrow Agent of an amount which, when taken together with the interest to be earned thereon, will be in the amount necessary to pay the principal of, premium, if any, and interest on the Refunded 2007A Bonds maturing on or after September 15, 2017, the date fixed for the redemption thereof, or such other date as selected by the Chairman or Vice Chairman of the Board, (iii) the investment of the amounts deposited with and held by the 2007A Bonds Escrow Agent, (iv) a direction to the 2007A Bonds Escrow Agent to cause notice of redemption to be given to the holders of the Refunded 2007A Bonds, and (v) the irrevocable pledge and escrow of, and grant of a security interest in favor of the 2007A Bonds Escrow Agent of all investments held by it pursuant to the 2007A Bonds Escrow Agreement.

The County hereby authorizes and directs the proper officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the Refunded 2007A Bonds to "no longer be deemed to be outstanding" as of the date of delivery of the Series B Bonds, within the meaning and for the purposes of Section 8250 of the Act and to pay the principal of and interest due on the Refunded 2007A Bonds when due.

If necessary, on the date of delivery of the Series B Bonds, to the extent required for a lawful defeasance of the Refunded 2008E Bonds, the proper officers of the County are hereby authorized, empowered and directed to execute, attest and deliver the 2008E Bonds Escrow Agreement in the form approved by such officers with the advice of the Solicitor to the County. The 2008E Bonds Escrow Agreement shall provide for, among other things, the following: (i) a certification to the 2008E Bonds Escrow Agent of the amount required to pay the principal of, premium, if any, and interest on, the Refunded 2008E Bonds, (ii) the deposit with the 2008E Bonds Escrow Agent of an amount which, when taken together with the interest to be earned thereon, will be in the amount necessary to pay the principal of, premium, if any, and interest on the Refunded 2008E Bonds maturing on or after January 1, 2019, the date fixed for the redemption thereof, or such other date as selected by the Chairman or Vice Chairman of the Board, (iii) the investment of the amounts deposited with and held by the 2008E Bonds Escrow Agent, (iv) a direction to the 2008E Bonds Escrow Agent to cause notice of redemption to be given to the holders of the Refunded 2008E Bonds, and (v) the irrevocable pledge and escrow of, and grant of a security interest in favor of the 2008E Bonds Escrow Agent of all investments held by it pursuant to the 2008E Bonds Escrow Agreement.

The County hereby authorizes and directs the proper officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the Refunded 2008E Bonds to "no longer be deemed to be outstanding" as of the date of delivery of the Series B Bonds, within the meaning and for the purposes of Section 8250 of the Act and to pay the principal of and interest due on the Refunded 2008E Bonds when due.

Section 23. The proper officers of the County are hereby authorized to execute the Continuing Disclosure Certificate (hereinafter defined) on behalf of the County and the County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Ordinance, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder or on the Bonds; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Section.

As used herein, the term "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate to be executed by the County in order to comply with Securities and Exchange Commission Rule 15c2-12, and dated the date of issuance and delivery of each series of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

As used herein, the term "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries).

Section 24. The Board hereby approves the preparation, use and distribution of one or more Preliminary Official Statements by the Purchaser in connection with the marketing of each series of the Bonds. The Chairman or Vice Chairman of the Board and the Chief of Staff or Assistant Chief of Staff of the County are hereby authorized to execute and approve one or more final Official Statements relating to each series of the Bonds and any amendments or supplements to the same, provided that the final Official Statement and any amendment and/or supplement shall have been approved by counsel to the County. The Purchaser is hereby authorized to use the final Official Statement (and any amendment or supplement thereto) in connection with the sale of the Bonds.

Section 25. In connection with the issuance of the Bonds and the County's other outstanding bonds and notes, the Board hereby adopts the Tax Exempt Bond Compliance Program and Continuing Disclosure Compliance Program attached hereto as Exhibit "D".

Section 26. The County hereby appoints and engages Stevens & Lee, P.C., to act as Bond Counsel to the County and Financial S&Lutions LLC to act as Financial Advisor to the County in connection with the issuance of the Bonds and to facilitate the intent of this Ordinance.

Section 27. All expenses incurred in connection with issuance of the Bonds shall be paid out of the proceeds derived from the issuance of the Bonds and the Chairman or Vice

Chairman of the Board are authorized to approve requests for payment of such expenses and to pay such expenses.

Section 28. The officers and officials of the County are hereby 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 Bonds, all in accordance with this Ordinance.

Section 29. The proper officers of the County are hereby authorized, jointly and severally, to do any and all other things necessary to effectuate the issuance, execution, delivery and sale of the Bonds and the financing of the Project, including the execution and delivery of any and all additional documents, representations, declarations, loan agreements, reimbursement agreements, security agreements, promissory notes, intercreditor agreements, derivative and/or interest rate management agreements, escrow agreements, assignments, financing statements, certificates, authorizations, contracts, agreements, insurance binders and other papers as may be necessary to effectuate any of the foregoing, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by the County.

Section 30. 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 the County that the remainder of this Ordinance shall remain in full force and effect.

Section 31. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 32. This Ordinance shall be effective in accordance with Section 8003 of the Act.

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ADOPTED at a regular meeting of the Board of Commissioners of Lackawanna County
held on February 24, 2016.


COUNTY OF LACKAWANNA



PATRICK M. O'MALLEY

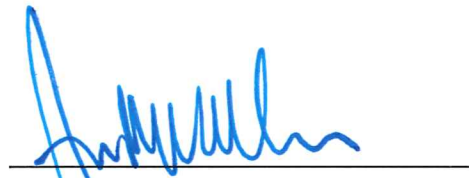


LAUREEN A. CUMMINGS




JERRY NOTARIANNI

ATTEST:



ANDREW M. WALLACE
CHIEF OF STAFF

Approved as to form and legality:



JOHN J. BRAZIL, JR.
COUNTY SOLICITOR

EXHIBIT "A"

Series A Bonds Maximum Debt Service Schedule

County of Lackawanna

General Obligation Bonds, Series A of 2016

Maximum Debt Service Schedule

Date	Maximum Principal	Max Coupon	Interest	Debt Service	Maximum Fiscal Total
04/13/2016	-	-	-	-	-
09/15/2016	100,000.00	5.500%	1,161,111.11	1,261,111.11	1,261,111.11
03/15/2017	-	-	1,372,250.00	1,372,250.00	-
09/15/2017	550,000.00	5.500%	1,372,250.00	1,922,250.00	3,294,500.00
03/15/2018	-	-	1,357,125.00	1,357,125.00	-
09/15/2018	540,000.00	5.500%	1,357,125.00	1,897,125.00	3,254,250.00
03/15/2019	-	-	1,342,275.00	1,342,275.00	-
09/15/2019	540,000.00	5.500%	1,342,275.00	1,882,275.00	3,224,550.00
03/15/2020	-	-	1,327,425.00	1,327,425.00	-
09/15/2020	540,000.00	5.500%	1,327,425.00	1,867,425.00	3,194,850.00
03/15/2021	-	-	1,312,575.00	1,312,575.00	-
09/15/2021	570,000.00	5.500%	1,312,575.00	1,882,575.00	3,195,150.00
03/15/2022	-	-	1,296,900.00	1,296,900.00	-
09/15/2022	1,615,000.00	5.500%	1,296,900.00	2,911,900.00	4,208,800.00
03/15/2023	-	-	1,252,487.50	1,252,487.50	-
09/15/2023	2,950,000.00	5.500%	1,252,487.50	4,202,487.50	5,454,975.00
03/15/2024	-	-	1,171,362.50	1,171,362.50	-
09/15/2024	3,060,000.00	5.500%	1,171,362.50	4,231,362.50	5,402,725.00
03/15/2025	-	-	1,087,212.50	1,087,212.50	-
09/15/2025	3,180,000.00	5.500%	1,087,212.50	4,267,212.50	5,354,425.00
03/15/2026	-	-	999,762.50	999,762.50	-
09/15/2026	3,250,000.00	5.500%	999,762.50	4,249,762.50	5,249,525.00
03/15/2027	-	-	910,387.50	910,387.50	-
09/15/2027	3,325,000.00	5.500%	910,387.50	4,235,387.50	5,145,775.00
03/15/2028	-	-	818,950.00	818,950.00	-
09/15/2028	3,415,000.00	5.500%	818,950.00	4,233,950.00	5,052,900.00
03/15/2029	-	-	725,037.50	725,037.50	-
09/15/2029	3,500,000.00	5.500%	725,037.50	4,225,037.50	4,950,075.00
03/15/2030	-	-	628,787.50	628,787.50	-
09/15/2030	3,655,000.00	5.500%	628,787.50	4,283,787.50	4,912,575.00
03/15/2031	-	-	528,275.00	528,275.00	-
09/15/2031	3,705,000.00	5.500%	528,275.00	4,233,275.00	4,761,550.00
03/15/2032	-	-	426,387.50	426,387.50	-
09/15/2032	3,775,000.00	5.500%	426,387.50	4,201,387.50	4,627,775.00
03/15/2033	-	-	322,575.00	322,575.00	-
09/15/2033	3,840,000.00	5.500%	322,575.00	4,162,575.00	4,485,150.00
03/15/2034	-	-	216,975.00	216,975.00	-
09/15/2034	3,895,000.00	5.500%	216,975.00	4,111,975.00	4,328,950.00
03/15/2035	-	-	109,862.50	109,862.50	-
09/15/2035	3,995,000.00	5.500%	109,862.50	4,104,862.50	4,214,725.00
Total	\$50,000,000.00	-	\$35,574,336.11	\$85,574,336.11	-

EXHIBIT "B"

Series B Bonds Maximum Debt Service Schedule

County of Lackawanna

General Obligation Bonds, Series B of 2016

Maximum Debt Service Schedule

Date	Maximum Principal	Max Coupon	Interest	Debt Service	Maximum Fiscal Total
04/13/2016	-	-	-	-	-
09/15/2016	150,000.00	5.500%	696,666.67	846,666.67	846,666.67
03/15/2017	-	-	820,875.00	820,875.00	-
09/15/2017	2,375,000.00	5.500%	820,875.00	3,195,875.00	4,016,750.00
03/15/2018	-	-	755,562.50	755,562.50	-
09/15/2018	3,425,000.00	5.500%	755,562.50	4,180,562.50	4,936,125.00
03/15/2019	-	-	661,375.00	661,375.00	-
09/15/2019	3,525,000.00	5.500%	661,375.00	4,186,375.00	4,847,750.00
03/15/2020	-	-	564,437.50	564,437.50	-
09/15/2020	2,405,000.00	5.500%	564,437.50	2,969,437.50	3,533,875.00
03/15/2021	-	-	498,300.00	498,300.00	-
09/15/2021	2,500,000.00	5.500%	498,300.00	2,998,300.00	3,496,600.00
03/15/2022	-	-	429,550.00	429,550.00	-
09/15/2022	2,800,000.00	5.500%	429,550.00	3,229,550.00	3,659,100.00
03/15/2023	-	-	352,550.00	352,550.00	-
09/15/2023	1,280,000.00	5.500%	352,550.00	1,632,550.00	1,985,100.00
03/15/2024	-	-	317,350.00	317,350.00	-
09/15/2024	1,875,000.00	5.500%	317,350.00	2,192,350.00	2,509,700.00
03/15/2025	-	-	265,787.50	265,787.50	-
09/15/2025	1,925,000.00	5.500%	265,787.50	2,190,787.50	2,456,575.00
03/15/2026	-	-	212,850.00	212,850.00	-
09/15/2026	1,940,000.00	5.500%	212,850.00	2,152,850.00	2,365,700.00
03/15/2027	-	-	159,500.00	159,500.00	-
09/15/2027	1,950,000.00	5.500%	159,500.00	2,109,500.00	2,269,000.00
03/15/2028	-	-	105,875.00	105,875.00	-
09/15/2028	1,925,000.00	5.500%	105,875.00	2,030,875.00	2,136,750.00
03/15/2029	-	-	52,937.50	52,937.50	-
09/15/2029	1,925,000.00	5.500%	52,937.50	1,977,937.50	2,030,875.00
Total	\$30,000,000.00	-	\$11,090,566.67	\$41,090,566.67	-

EXHIBIT "C"

(FORM OF BOND)

REGISTERED
NUMBER R-__

REGISTERED
\$_____

Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC"), a New York corporation, to the County or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

COUNTY OF LACKAWANNA, PENNSYLVANIA

GENERAL OBLIGATION BOND, SERIES [A/B] OF 201[6]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE OF SERIES</u>	<u>CUSIP</u>
	_____, _____	_____, 2016	
REGISTERED OWNER	CEDE & CO.		
PRINCIPAL AMOUNT	\$_____		

KNOW ALL MEN BY THESE PRESENTS, that the County of Lackawanna, Pennsylvania (the "County"), a county existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself to be indebted and promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon (or upon prior redemption, as hereinafter provided), upon presentation and surrender hereof, the Principal Amount shown above and to pay semiannually on _____ and _____ of each year prior to maturity or redemption (each an "Interest Payment Date"), beginning on _____, _____, to the registered owner hereof, interest on such principal sum, at the rate per annum stated hereon, from the Interest Payment Date next preceding the date of registration and authentication of this County of Lackawanna, Pennsylvania, General Obligation Bond, Series [A/B] of 201[6] (the "Bond"), unless (a) 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 (b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) this Bond is registered and authenticated on or prior to the Record Date preceding

_____, _____, in which event such Bond shall bear interest from _____, 2016, or (d) as shown by the records of The Fidelity Deposit and Discount Bank, as paying agent, at its offices located in Dunmore, Pennsylvania, or its successor (the "Paying Agent"), interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the County shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of Bonds (hereinafter defined) not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Whenever the due date for payment of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal, or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banks are authorized by law or executive order to remain closed, with the same force and effect as if made on the due date for payment of principal or interest or redemption price and no interest shall accrue thereon for any period after such due date.

This Bond is one of a series of bonds of the County known generally as "County of Lackawanna, Pennsylvania, General Obligation Bonds, Series [A/B] of 201[6]," dated _____, 201[6] (the "Bonds"), issued by the County in the aggregate principal amount of _____ Dollars (\$_____).

The Bonds are in fully registered form, without coupons, and have been authorized and issued in accordance with the Local Government Unit Debt Act of the Commonwealth (the "Act"), without the assent of the electors, pursuant to an ordinance (the "Ordinance") of the Board of Commissioners of the County duly enacted on February __, 2016. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

The County has covenanted in the Ordinance that it shall include in its budget the amount of the debt service for each fiscal year of the County in which principal and/or interest on the Bonds is payable, that it shall appropriate from its general revenues any such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due principal and interest on the Bonds.

In the Ordinance, the County has covenanted to and with registered owners of the Bonds that it will make no use of the proceeds of the Bonds, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Bonds,

would cause the Bonds to be "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder.

This Bond shall not be entitled to any benefit under the Ordinance nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent.

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

The Bonds stated to mature on _____, _____, are subject to mandatory redemption prior to maturity on _____ of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

\$

*

* at maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the County, may purchase, from money in the Sinking Fund, or the County may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of the same series and of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books

kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

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

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

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

This Bond may be transferred or exchanged by the registered owner hereof only upon surrender of this Bond to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of the same series and of authorized denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The County and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the County and the Paying Agent shall not be affected by any notice to the contrary. All payments made to the registered owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the County upon the Bond as paid.

The County and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds

to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The County has caused CUSIP numbers to be printed on the Bonds as a convenience to bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the County or of any successor body, as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the County to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the County is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the County has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the County are hereby irrevocably pledged.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the County of Lackawanna, Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signatures of the members Board of Commissioners of the County and its corporate seal to be hereunder affixed, duly attested by the signature of the Chief of Staff of the County, as of the _____ day of _____, 201[6].

COUNTY OF LACKAWANNA,
PENNSYLVANIA

PATRICK M. O'MALLEY, CHAIRMAN

LAUREEN A. CUMMINGS, VICE CHAIRMAN

JERRY NOTARIANNI, COMMISSIONER

ATTEST:

ANDREW M. WALLACE, CHIEF OF STAFF

(SEAL)

STATEMENT OF INSURANCE

[To come, if applicable]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

It is certified that this Bond is a Bond issued under the provisions of the within-mentioned Ordinance.

THE FIDELITY DEPOSIT AND DISCOUNT BANK,
as Paying Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Transferror"), the undersigned, hereby sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or
Federal Employer Identification No.

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

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guarantee program.

NOTICE: No transfer will be made in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name(s) as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and date of the trust, and the name of the trustee should be supplied.

(END OF BOND FORM)

EXHIBIT "D"

TAX EXEMPT BOND COMPLIANCE PROGRAM AND CONTINUING DISCLOSURE
COMPLIANCE PROGRAM

COUNTY OF LACKAWANNA, PENNSYLVANIA

BOND COMPLIANCE PROGRAM

Subject: Tax Exempt Bonds Compliance Program
and Continuing Disclosure Compliance
Program

Approval Date: February 24, 2016

- I. Standard: The County of Lackawanna, Pennsylvania (the “County”) shall maintain the tax exempt status of tax-exempt bonds or notes issued for its benefit and insure compliance with 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”).
- II. Purpose: To provide written procedures and a process by which the County will (a) monitor and continually update its use of bond proceeds and bond financed facilities throughout the term of any bonds or notes issued for its benefit and (b) monitor and comply with its continuing disclosure obligations under Rule 15c2-12.
- III. Implementation:
 - A. Responsible Persons
 1. The responsible persons are:
 - i. The Director of Administrative Services/CFO of the County shall be responsible for the tracking of expenditures and receipts of bond proceeds and keeping the applicable records thereof;
 - ii. The Director of Administrative Services/CFO shall be responsible for reviewing and monitoring the private use, if any, of the County’s tax exempt financed facilities and the review of any management or service provider contracts, leases or other contractual arrangements relating to the use of the bond financed facilities to determine compliance with the safe harbors established by Rev. Proc. 97-13, as amended modified or superseded, and keeping all applicable records relating to such use and determinations;
 - iii. The Director of Administrative Services/CFO shall be responsible for reviewing and monitoring the investment of any bond proceeds and determining whether investments were made in accordance with the applicable safe harbor for determining fair market value and maintaining

all such records together with the records of receipts and expenditures of bond proceeds;

- iv. The Director of Administrative Services/CFO shall be responsible for monitoring the County's rebate obligations and, if applicable, engaging a rebate consultant and causing such consultant to undertake a rebate analysis and the preparation of a written report with respect to the County's rebate obligations. The Director of Administrative Services/CFO shall be responsible for ensuring that the County makes timely payment of all amounts owed to the U.S. Treasury, if any;
- v. The Director of Administrative Services/CFO shall be responsible to file all annual and listed event notices in compliance with Rule 15c2-12; and
- vi. The Director of Administrative Services/CFO shall be responsible to review the reports, at least annually with counsel, and confirm that the procedures set forth herein are being followed.

2. The Director of Administrative Services/CFO may, in his or her discretion, appoint or retain other responsible persons to assist or advise the foregoing responsible persons in their tasks.

B. Tracking of Bond Proceeds

1. The Director of Administrative Services/CFO shall create and maintain spreadsheets for each bond issue which will track the date, amount, and purpose of each receipt of and expenditure of bond proceeds. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Director of Administrative Services/CFO shall review the applicable tax certificates (including the Nonarbitrage Certificate, the County's tax certificate and the Form 8038-G) for each issue and acquaint herself or himself with the County's expectations with respect to the bonds as expressed therein to ensure that the proceeds are expended consistently with such expectations. Any discrepancies will be brought to the attention of the Board of Commissioners who shall communicate with counsel regarding such matters.

3. Expenditure of Proceeds

- i. For expenditures from the applicable project fund, the Director of Administrative Services/CFO will review the applicable authorizing Ordinance to confirm that each expenditure is within the scope of the project described in the authorizing Ordinance. In addition, the useful life of each asset acquired and its placed in service date shall be recorded.
- ii. For any funds deposited in a sinking fund, and any earnings thereon, the Director of Administrative Services/CFO shall review and monitor all

expenditures and receipts for such sinking fund and shall not less than annually confirm that such fund is not funded in excess of the amount necessary.

C. Investment of Proceeds

1. The Director of Administrative Services/CFO shall review the applicable tax certificates for each issue and acquaint herself or himself with the County's expectations with respect to the bonds as expressed therein to ensure that the proceeds are invested consistently with such expectations. The Director of Administrative Services/CFO shall determine the yield applicable to the bonds as stated in the Form 8038-G filed with respect to each bond issue.
2. The Director of Administrative Services/CFO shall determine what proceeds are available for investment and whether they are subject to yield restriction. If such proceeds are not subject to yield restriction, the Director of Administrative Services/CFO shall cause such proceeds to be invested in such investments as shall be permitted under the applicable bond documents and the County's investments guidelines, if any, and the Director of Administrative Services/CFO may make such investments in consultation with the County's investment advisors, if any. If such proceeds are subject to yield restriction, the Director of Administrative Services/CFO shall cause such proceeds to be invested at or below the applicable yield restriction in such investments as shall be permitted under the applicable bond documents and the County's investments guidelines, if any, and the Director of Administrative Services/CFO may make such investments in consultation with the County's investment advisors, if any, or if such investments cannot be obtained at fair market value (because investment yields are then in excess of the applicable bond yield), the County shall invest such proceeds in tax exempt obligations that are not subject to the alternative minimum tax.
3. The Director of Administrative Services/CFO shall cause such investments to be acquired at fair market value under applicable safe harbors for the determination of fair market value and for adequate records to be maintained to support such fair market value determinations.

D. Private Business Use

1. The Director of Administrative Services/CFO shall create and maintain spreadsheets for each bond financed facility which will track the amount of bond proceeds used to finance such facility and track the use of such facility by anyone other than the County. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Director of Administrative Services/CFO shall review the applicable tax certificates for each issue and acquaint herself or himself with the County's

expectations with respect to the bonds as expressed therein to ensure that any use of the facility is consistent with such expectations.

3. Prior to the County's execution of any agreement for (i) the rental by the County of bond financed property (such as the sale of naming rights on a County facility), (ii) the management of, or the provision of services with respect to, any function at a bond financed facility (such as food services), or (iii) any agreement that conveys rights to a third party that are different from the rights granted to members of the general public, the Director of Administrative Services/CFO shall first determine whether such arrangement constitutes a private business use. If such use constitutes private business use, the Director of Administrative Services/CFO will determine how much private business use already exists and whether the proposed private business use will be within the permitted limitation. The Director of Administrative Services/CFO, in consultation with counsel, shall make a recommendation to the Board of Commissioners as to whether the Board should approve or disapprove of the arrangement. The Director of Administrative Services/CFO shall only recommend that the Board approve of such arrangement if the County is compliant with private business use limitations with respect to the applicable bonds after giving effect to the proposed arrangement or the Director of Administrative Services/CFO has determined that remedial actions can be taken, or another remedy exists, that will permit the applicable bonds to remain compliant with the private business use limitation.

E. Rebate

1. The County shall engage a rebate consultant and cause such consultant to undertake a rebate analysis and the preparation of a written report at least every 5 years that a bond issue is outstanding if no rebate exception has been determined for the applicable issue of bonds. Such rebate consultant shall determine whether any issue of bonds has qualified for an exception from rebate, and if not, whether any rebate liability is owed to the U.S. Treasury. If any liability is determined, the County shall cause such liability to be paid to the U.S. Treasury promptly and no later than 60 days after the applicable 5th year anniversary. Such payment to be accompanied by the appropriate and required forms to be filed with the Internal Revenue Service.

IV. Continuing Disclosure

- A. On an annual basis and not later than 180 days after the end of each fiscal year of the County or such earlier or later date as may be provided under any Continuing Disclosure Certificate of the County, the Director of Administrative Services/CFO shall post, or cause a dissemination agent to post, on the Electronic Municipal Market Access system (EMMA) maintained by the Municipal Securities Rulemaking Board the County's Annual Report which shall be compliant with the applicable Continuing Disclosure Certificate.

- B. If applicable under any Continuing Disclosure Certificate of the County, on an annual basis and not later than fifteen (15) days after final approval by the Board of Commissioners of the County, the Director of Administrative Services/CFO shall post, or cause a dissemination agent to post, on EMMA, a summary of the budget for the current fiscal year.
- C. Whenever the County obtains knowledge of the occurrence of a Listed Event, as defined in the applicable Continuing Disclosure Certificate, the County shall as soon as possible (with respect to those Listed Events where a determination of materiality by the County is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws. If (i) a determination of materiality by the County is not relevant to the obligation to give notice of a Listed Event or (ii) the County determines (with respect to those Listed Events where a determination of materiality by the County is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Director of Administrative Services/CFO shall promptly post, or cause to be posted, in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, a notice of such occurrence on EMMA.

V. Documentation

- A. At least annually, at a meeting of the Board of Commissioners, the Director of Administrative Services/CFO shall report to the Board regarding the County's compliance with the various limitations and restrictions applicable to tax exempt financing and shall certify in writing that such Director of Administrative Services/CFO has undertaken or reviewed the analysis undertaken by the Director of Administrative Services/CFO and counsel, and that the County is compliant with all requirements applicable to the County's tax exempt bonds.
- B. At least annually, at a meeting of the Board of Commissioners, the Director of Administrative Services/CFO shall report to the Board regarding the County's compliance with Rule 15c2-12 and shall certify in writing that such Director of Administrative Services/CFO has filed the Annual Report and the summary of the Budget in a timely manner and identify any Listed Events which were reported on EMMA.
- C. The Director of Administrative Services/CFO will have all records organized and kept in accordance with this Policy and procedures available to her or him at all times. The County shall keep all such records for a period not shorter than 6 calendar years after the year in which the applicable bond issue matures, or if such issue is refunded, 6 calendar years after the refunding bond issue matures.
- D. The Director of Administrative Services/CFO shall periodically consult counsel with respect to reviewing results and data generated from its information gathering and compliance monitoring procedures as a further check on the integrity of its post issuance compliance program outlined above.

VI. Professional Advisors

The Board of Commissioners, Director of Administrative Services/CFO, and County Solicitor may consult with bond counsel, the County financial advisor or other professional expert in tax-exempt finance to provide advice and guidance with the interpretation of IRS and SEC rules and regulations as necessary to assist the County with compliance with these policies and procedures.

VII. Corrective Actions

- A. The goal of this tracking and monitoring is to ensure that all tax exempt bonds remain qualified in compliance with the applicable tax requirements. Such monitoring also ensures that any actual or potential violations of federal tax requirements can be timely identified and, in consultation with counsel, corrected by the taking of remedial action or engaging the Internal Revenue Service (“IRS”) under the voluntary closing agreement program.

VIII. Training

- A. The Director of Administrative Services/CFO shall at least annually review the IRS website for materials and teleconferences or webinars relating to tax exempt bonds and compliance by issuers. The Director of Administrative Services/CFO shall determine whom, if anyone, should review such materials and attend such teleconferences or webinars.
- B. The Director of Administrative Services/CFO shall at least annually review the SEC website for materials and updates on the continuing disclosure obligations to maintain compliance with Rule 15c2-12.

IX. Funding

- A. The Board of Commissioners shall annually budget the sum necessary in order to accomplish the purposes of these policies and procedures.

Bond Purchase Agreement

for

County of Lackawanna
Pennsylvania

\$50,000,000 Maximum Aggregate Principal Amount,
General Obligation Bonds, Series A of 2016
And
\$30,000,000 Maximum Aggregate Principal Amount,
General Obligation Bonds, Series B of 2016

February 24, 2016

**County of Lackawanna
Pennsylvania
General Obligation Bonds, Series A & B of 2016**

BOND PURCHASE AGREEMENT

February 24, 2016

Patrick M. O'Malley, Chairman
Board of County Commissioners
County of Lackawanna
200 Adams Avenue – 6th Floor
Scranton, Pa. 18503

Honorable Board Members:

The undersigned authorized representative of Boenning & Scattergood, Inc. acting as an Underwriter on its own behalf, and as representative (in such capacity, the "Representative") for PNC Capital Markets LLC (collectively, the "Underwriters") offers to enter into this bond purchase agreement (the "Bond Purchase Agreement" or the "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 Underwriters. 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.* Conditioned upon market availability, usual and customary Underwriter review and approvals, customary Bond documentation and opinions and the absence of either party terminating this Agreement pursuant 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 (the "Bonds"), to be issued in one or more series, from time to time, under an ordinance enacted by the Issuer on February 24, 2016 (the "Ordinance") and more fully described herein. 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, neither of the Underwriters is acting as a fiduciary of the Issuer, but rather are acting solely in their capacities as Underwriters for their own accounts.

The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Issuer, (iii) the Underwriters have not assumed (individually or collectively) a fiduciary responsibility in favor of the Issuer with respect to the offering of the Bonds or the process leading thereto

(whether or not any Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Bond Purchase Agreement, and (iv) the Issuer has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds. The Representative has been duly authorized to execute this Agreement and to act hereunder by the Underwriters, and he and each Underwriter are registered under the Securities Exchange Act of 1934, as amended, as a broker or dealer, or are exempt from such registration pursuant to rules promulgated, or an order issued, by the Securities Exchange Commission and are not prohibited from acting as an Underwriter of the Bonds by the application of Rule G-37 of the Municipal Securities Rulemaking Board (the "MSRB").

The maximum aggregate principal amount of the Bonds to be issued, in one or more series, from time to time, the maximum annual principal maturity or mandatory sinking fund payment amounts, and the maximum interest rate(s) per annum, are set forth in Schedule A attached hereto and incorporated herein by this reference. The Bonds are described in, and shall be issued and secured under and pursuant to, the Ordinance. The Fidelity Deposit and Discount Bank, Dunmore, Pennsylvania (the "Paying Agent"), shall serve as paying agent, sinking fund depositary and registrar for the Bonds.

The aggregate purchase price for the Bonds shall be not less than 96% of the aggregate par amount of the Bonds, exclusive of any original issue discount, and any, original issue premium, plus accrued interest, if any. The final interest rates, initial offering prices and yields, redemption provisions (optional and mandatory), sources and uses of funds and any other appropriate terms and conditions applicable to each series of the Bonds, not inconsistent with the Ordinance, also shall be as set forth in an addendum to this Agreement, to be executed by both parties at least fifteen (15) days prior to the date of Closing (hereinafter defined) of the applicable series of the Bonds (the "Addendum"); provided, however, that in addition to the rights granted to the Underwriter in Section 7 of this Agreement, and without limitation thereof, the Underwriters shall have no obligation to purchase a series of the Bonds if, in its sole judgment, it determines in good faith that it cannot market such series of the Bonds at interest rates not exceeding the maximum interest rates per annum (5.500%) set forth in Schedule I attached hereto.

2. *Public Offering.* The Underwriters agree to make a bona fide public offering of all of the series of Bonds issued from time to time at prices, not to exceed the public offering price(s) described above, which will be set forth on the cover of an Official Statement to be prepared by or on behalf of the Issuer (the "Official Statement") in connection with the marketing and issuance of each series of the Bonds. The Underwriters may subsequently change such offering price(s) without any requirement of prior notice. The Underwriters may offer and sell each series of Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the appropriate Official Statement. The Underwriters at or prior to the date of Closing, shall deliver to the Issuer a certificate or certificates stating the "issue price" and "yield" (as such terms are defined in the Code (hereinafter defined)) in form and substance satisfactory to Bond Counsel.

3. *The Preliminary Official Statement and the Official Statement*

(a) Upon request of the Underwriters, following notification by the Issuer that it intends to issue a series of Bonds under the Ordinance, a Preliminary Official Statement (the "Preliminary Official Statement") shall be prepared for use by the Underwriters in connection with any public offering, sale or distribution of any series of the Bonds. The appropriate Preliminary Official Statement shall be deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of such series 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"). The Issuer hereby consents to the use by the Underwriters of the appropriate Preliminary Official Statement in connection with a public offering of any series of the Bonds.

(b) Not later than seven (7) business days after the Issuer and the Underwriters execute the Addendum to this Agreement establishing the final terms applicable to any series of the Bonds, and in sufficient time to accompany any confirmation that requests payment from any customer, the Issuer shall provide to the Underwriters copies of the applicable Official Statement satisfying the requirements of the Rule. The applicable Official Statement shall be complete as of the date of its delivery to the Underwriters and in such quantity as the Underwriters 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 ("MSRB"). The Issuer hereby authorizes the applicable Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of any series of the Bonds.

(c) If, after the date of any Official Statement 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 Electronic Municipal Market Access system ("EMMA"), but in no case less than 25 days after the "end of the underwriting period" for the applicable series of 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 Underwriters (and for the purposes of this clause provide the Underwriters with such information as it may from time to time request), and if, in the opinion of the Underwriters, 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 Underwriters), 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 Underwriters may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Underwriters hereby agree to file each Official Statement with the Electronic Municipal Market Access System maintained by the MSRB. Unless otherwise notified in writing by the Underwriters, 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 Underwriter that:

(a) The Issuer is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth" or "State") duly created, organized and existing under the laws of the Commonwealth, and is a "local government unit" under the Local Government Unit Debt Act, as amended and supplemented (the "Act"), and has full legal right, power and authority under 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 a Continuing Disclosure Undertaking (the "Undertaking") as defined in Section 6(i)(4) 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, in one or more series, 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, or such later date satisfactory to the Underwriters, 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, in one or more series, (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, in the Ordinance and in the Official Statement;

(c) The Issuer Documents do or will, at Closing, 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) 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, resolution, agreement or other instrument to which the Issuer is a party relating to the transaction contemplated by this Agreement 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 breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance;

(e) All authorizations and approvals of governmental authorities, 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 to be set forth in the appropriate Official Statement under the caption "The Bonds"; the description of the Ordinance to be contained in the appropriate Official Statement under the caption "Introduction" shall conform to the Ordinance; the proceeds of the sale of the Bonds will be applied generally as described in the Addendum to this Agreement and the appropriate Official Statement under the caption "Purpose of the Issue"; and the Undertaking shall conform to the description thereof to be contained in the appropriate 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 timing 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 therefore, 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 its date, the appropriate Preliminary Official Statement shall 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) From its date (unless the appropriate Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Agreement), up to and including the date of Closing, the appropriate Official Statement shall 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 the 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 each series of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action that would adversely affect the exclusion from gross income for federal income tax purposes or Pennsylvania income tax purposes of the interest on each series of the Bonds;

(k) The financial information regarding the Issuer in the appropriate Official Statement shall fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the applicable 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 applicable 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 or assets which will secure the Bonds without prior notice to the Underwriters;

(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; and

(n) The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Issuer, (iii) the Underwriters have not assumed (individually or collectively) a fiduciary responsibility in favor of the Issuer with respect to the offering of the Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Agreement, and (iv) the Issuer has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds. The Representative has been duly authorized to execute this Agreement and to act hereunder by the Underwriters, and he and each Underwriter are registered under the Securities Exchange Act of 1934, as amended, as a broker or dealer, or are exempt from such registration pursuant to rules promulgated, or an order issued, by the Securities Exchange Commission and are not prohibited from acting as an Underwriter of the Bonds by the application of Rule G-37 of the Municipal Securities Rulemaking Board (the "MSRB")

5. *Closing*

(a) On such date or dates that shall have been mutually agreed upon by the Issuer and the Underwriters (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds in one or more series, as appropriate, to the Underwriter via the Book-Entry Only System of The Depository Trust Company, New York, New York, 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 in one or more series from time to time, as set forth in Section 1 of this Agreement, by a wire transfer payable in immediately available funds to the order of the Issuer. Payment for the applicable series of 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 Underwriters.

(b) The applicable series of Bonds shall be delivered to the Paying Agent in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the applicable series of Bonds, registered in the name of Cede & Co., all as provided in the Ordinance. Upon request, copies of the executed Bonds shall be made available to the Underwriters at least one business day before the Closing 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 for each series of the Bonds, from time to time, and upon the performance by the Issuer of its obligations hereunder, both as of

the date hereof and as of the date of the appropriate Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the applicable series of 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 Underwriters:

(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 applicable Closing, as if made on the date of the applicable 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 applicable Closing;

(c) At the time of the applicable Closing, (i) the Issuer Documents and the appropriate series of Bonds shall be in full force and effect in the form heretofore approved by the Underwriters 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 Underwriters; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver their respective opinions referred to hereafter;

(d) At or prior to the applicable Closing, the Ordinance shall have been duly adopted by the Issuer and be in full force and effect, and the Issuer shall have duly executed and delivered the appropriate series of Bonds to the Paying Agent for the Paying Agent's authentication of the appropriate series of Bonds;

(e) At the time of the applicable 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 Underwriters, is material and adverse and that makes it, in the judgment of the Underwriters, impracticable to market the appropriate series of Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) 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 Underwriters;

(h) At or prior to the appropriate Closing, the Underwriters shall have received copies of each of the following documents:

(1) The applicable 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 Underwriters, and the reports and audits referred to or appearing in the applicable Official Statement;

(2) The Ordinance with such supplements or amendments as may have been agreed to by the Underwriters;

(3) This Agreement, together with all addendums pertaining to the final terms of the applicable series of the Bonds, duly executed by the Issuer;

(4) The Undertaking of the Issuer, which satisfies the requirements of section (b)(5) of the Rule;

(5) The opinion of Bond Counsel in form and substance satisfactory to the Underwriters with respect to the applicable series of Bonds, together with a reliance letter addressed to the Underwriters;

(6) A certificate, dated the date of the appropriate 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 the appropriate Closing as if made on the date of the appropriate 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 applicable series 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, and other income, or the levy or collection of taxes to pay the principal of and interest on the applicable series of the Bonds, or the pledge of the full faith, credit and taxing power of the Issuer, within the limits established by law, for payment of the applicable series of the Bonds; (iii) the resolutions of the Issuer authorizing the execution, delivery and/or performance of the applicable Official Statement, the applicable series of 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 applicable Official Statement which should be disclosed in the applicable 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 light of the circumstances under which made, not misleading in any respect as of the time of applicable Closing, and the information contained in the applicable Official Statement is correct in all material respects and, as of the date of the applicable Official Statement did not, and as of the date of the applicable 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 appropriate Closing, which establish that it is not expected that the proceeds of the applicable series of the Bonds will be used in a manner that would cause the applicable series of 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), 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 applicable series of the Bonds;

(9) Standard financial guaranty insurance policies ("Policies") for the Bonds issued by the Bond Insurer together with (A) an opinion of the Bond Insurer's Counsel with respect to the validity and enforceability thereof, and (B) a certificate of the Bond Insurer with respect thereto, in each case satisfactory to the Representative and Bond Counsel, evidencing the payment by the Issuer of the full premiums therefor and

(10) Evidence satisfactory to the Representative that the Bonds have received a rating by Standard and Poor's Rating Services ("S&P"), satisfactory to the Representative.

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 applicable series of Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the applicable series of 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 applicable series of 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 applicable series of Bonds as described in the applicable 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 shall be introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction shall be issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice shall be 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 applicable series of 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 applicable series of 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 Pennsylvania 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 applicable series of 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 Underwriters;

(e) Any amendment to the federal Constitution or Constitution of the Commonwealth or action by any federal or Commonwealth court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, the Bonds (or interest thereon), or the validity or enforceability of

the Ordinance or the levy of taxes to pay principal of and interest on the applicable series of Bonds;

(f) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, make untrue in any material respect any statement or information contained in the applicable Official Statement, or have the effect that the applicable Official Statement contains any untrue statement of a 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 applicable Official Statement discloses are expected to occur;

(h) Prior to the date of closing, 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 reasonable judgment of the Underwriters 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 reasonable judgment, require or have required an amendment of or supplement to the applicable Official Statement;

(j) The purchase of and payment for the applicable series of the Bonds by the Underwriters, or the resale of the applicable series 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;

(k) There shall have occurred a downgrade of the credit rating of the Bond Insurer, or any notice shall have been given of any intended downgrading of the credit rating of the Bond Insurer;

(l) If in the sole judgment of the Underwriters the ability to market the Bonds is materially different from the conditions that would exist if the Bonds were being offered on the date hereof, whether as a result of general market conditions, issues particular to the Issuer or the Commonwealth or other events or circumstances similar to or different from those described; Provided, however that if the Underwriters terminate their obligations under this clause, the Issuer may assign this Agreement to another party and thereafter the Underwriters will have no further obligation under this Agreement; and

(m) There shall have occurred since the date of this Agreement a Change in Law, as defined in Section 15 hereof, the effect of which would be to make the issuance, sale and delivery of the Bonds illegal as to the Issuer.

8. *Expenses.* The Issuer shall pay all costs of issuance of each series of the Bonds, including any rating fees, filing fees, the costs of printing of Bonds and Official Statement, underwriting discount, financial advisor fees, paying agent fees, sinking fund depositary fees, bond counsel and local counsel fees and expenses, and any other such miscellaneous expenses which occur in the normal underwriting of a bond issue.

9. *Indemnification.*

(a) The Issuer, to the extent permitted by law, will indemnify and hold harmless the Underwriters against any losses, claims, damages or liabilities to which the Underwriters may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Underwriters for any legal or other expenses reasonably incurred by the Underwriters in connection with investigating or defending any such action or claim; provided, however, that the Issuer shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Official Statement or Official Statement or any such amendment or supplement and set forth in the sections titled "DTC and The Book-Entry Only System", "Tax Exemption and Certain Other Tax Matters" "Bond Insurance " or made in reliance upon and in conformity with written information furnished to the Issuer by the Underwriters expressly for use therein in the sub-section captioned "Underwriting".

(b) The Underwriters will indemnify and hold harmless the Issuer against any losses, claims, damages or liabilities to which the Issuer may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon either or both of the Underwriters' breach of the Agreement and/or any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission or alleged omission was made in the Preliminary Official Statement or Official Statement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Issuer by the Underwriters expressly for use therein in the sub-section captioned "Underwriting"; and will reimburse the Issuer for any legal or other expenses reasonably incurred by the Issuer in connection with investigating or defending any such action or claim.

(c) Promptly after receipt by an indemnified party pursuant to subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against

any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party or shall otherwise have an actual or potential conflict in such representation), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses or other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Underwriters on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then the indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Issuer on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct and to prevent such statement or omission. The Issuer and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Issuer under this Section shall be in addition to any liability which the Issuer may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Underwriters within the meaning of the 1933 Act. The indemnity and contribution agreements contained in this Section and the

representations and warranties of the Issuer and the Underwriters contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriters or any person controlling the Underwriters or by or on behalf of the Issuer, its officers or directors or any other person controlling the Issuer and (iii) deliver acceptance of and payment for any of the Bonds

10. *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 be assigned by the Underwriters with the Issuer's prior written consent.

11. *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.

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

13. *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.

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

15. *Change in Law.* For purposes of this Agreement "Change in Law" shall mean (i) any final change in or addition to applicable Federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies (if such change or addition becomes effective on or before the Closing), (ii) any legislation enacted by the Congress of the United States (if such enacted, legislation has a proposed effective date which is on or before the Closing), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such or enacted law, rule or regulation has an effective date which is on or before the Closing), (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case, would, as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the Bonds as provided herein or selling the Bonds or beneficial ownership interests therein to the public or, as to the Issuer, would make the issuance, sale or delivery of the Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized), or (v) the passage, promulgation, issuance or rendering of any final legislation, regulation, ruling, order, release, court decision or judgment or other action by a governmental body, regulatory agency or court the effect of which is any of the following:

(i) Bond Counsel is or will be unable to deliver to the Underwriters at Closing an opinion of bond counsel in form and substance satisfactory to the Underwriters, as required by this Agreement;

(ii) The Issuer does not have the power to levy an annual ad valorem tax on all taxable property located within the Issuer for the purpose of paying the principal of and interest on the Bonds, within the limits established by law;

(iii) The offering or sale of the Bonds is subject to registration under Pennsylvania or Federal securities laws, or the Bonds or any document executed in connection therewith is subject to registration under Pennsylvania or Federal securities laws; or

(iv) In the sole judgment of the Underwriters, the offering or sale of the Bonds would be or result in a violation of applicable Pennsylvania or Federal securities laws or the Act.

16. *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.

17. *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 the same document) and all of which shall constitute one and the same document.

18. *Amendment.* This Agreement may only be amended by a written agreement executed by the parties hereto.

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 the Issuer and the Underwriters when a counterpart of this Agreement shall have been executed by or on behalf of each of the parties hereto.

Very truly yours,

BOENNING & SCATTERGOOD, INC.
On behalf of itself, and PNC Capital Markets, LLC

By:

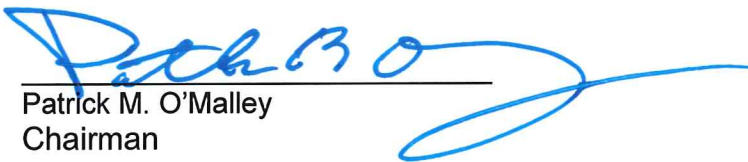


Edward R. Murray, Managing Director
Boenning & Scattergood, Inc.

ACCEPTED February 24, 2016 at ____ am pursuant to the Ordinance enacted by the
Board of County Commissioners on February 24, 2016.

COUNTY OF LACKAWANNA

By:



Patrick M. O'Malley
Chairman

SCHEDULE A

County of Lackawanna PENNSYLVANIA

\$50,000,000 GENERAL OBLIGATION BONDS, SERIES A OF 2016

MAXIMUM BOND MATURITIES, AMOUNTS AND NOT-TO-EXCEED INTEREST RATES

Date	Maximum Principal	Max Coupon	Interest	Debt Service	Maximum Fiscal Total
04/13/2016	-	-	-	-	-
09/15/2016	100,000.00	5.500%	1,161,111.11	1,261,111.11	1,261,111.11
03/15/2017	-	-	1,372,250.00	1,372,250.00	-
09/15/2017	550,000.00	5.500%	1,372,250.00	1,922,250.00	3,294,500.00
03/15/2018	-	-	1,357,125.00	1,357,125.00	-
09/15/2018	540,000.00	5.500%	1,357,125.00	1,897,125.00	3,254,250.00
03/15/2019	-	-	1,342,275.00	1,342,275.00	-
09/15/2019	540,000.00	5.500%	1,342,275.00	1,882,275.00	3,224,550.00
03/15/2020	-	-	1,327,425.00	1,327,425.00	-
09/15/2020	540,000.00	5.500%	1,327,425.00	1,867,425.00	3,194,850.00
03/15/2021	-	-	1,312,575.00	1,312,575.00	-
09/15/2021	570,000.00	5.500%	1,312,575.00	1,882,575.00	3,195,150.00
03/15/2022	-	-	1,296,900.00	1,296,900.00	-
09/15/2022	1,615,000.00	5.500%	1,296,900.00	2,911,900.00	4,208,800.00
03/15/2023	-	-	1,252,487.50	1,252,487.50	-
09/15/2023	2,950,000.00	5.500%	1,252,487.50	4,202,487.50	5,454,975.00
03/15/2024	-	-	1,171,362.50	1,171,362.50	-
09/15/2024	3,060,000.00	5.500%	1,171,362.50	4,231,362.50	5,402,725.00
03/15/2025	-	-	1,087,212.50	1,087,212.50	-
09/15/2025	3,180,000.00	5.500%	1,087,212.50	4,267,212.50	5,354,425.00
03/15/2026	-	-	999,762.50	999,762.50	-
09/15/2026	3,250,000.00	5.500%	999,762.50	4,249,762.50	5,249,525.00
03/15/2027	-	-	910,387.50	910,387.50	-
09/15/2027	3,325,000.00	5.500%	910,387.50	4,235,387.50	5,145,775.00
03/15/2028	-	-	818,950.00	818,950.00	-
09/15/2028	3,415,000.00	5.500%	818,950.00	4,233,950.00	5,052,900.00
03/15/2029	-	-	725,037.50	725,037.50	-
09/15/2029	3,500,000.00	5.500%	725,037.50	4,225,037.50	4,950,075.00
03/15/2030	-	-	628,787.50	628,787.50	-
09/15/2030	3,655,000.00	5.500%	628,787.50	4,283,787.50	4,912,575.00
03/15/2031	-	-	528,275.00	528,275.00	-
09/15/2031	3,705,000.00	5.500%	528,275.00	4,233,275.00	4,761,550.00
03/15/2032	-	-	426,387.50	426,387.50	-
09/15/2032	3,775,000.00	5.500%	426,387.50	4,201,387.50	4,627,775.00
03/15/2033	-	-	322,575.00	322,575.00	-
09/15/2033	3,840,000.00	5.500%	322,575.00	4,162,575.00	4,485,150.00
03/15/2034	-	-	216,975.00	216,975.00	-
09/15/2034	3,895,000.00	5.500%	216,975.00	4,111,975.00	4,328,950.00
03/15/2035	-	-	109,862.50	109,862.50	-
09/15/2035	3,995,000.00	5.500%	109,862.50	4,104,862.50	4,214,725.00
Total	\$50,000,000.00	-	\$35,574,336.11	\$85,574,336.11	-

**County of Lackawanna
PENNSYLVANIA**

**\$30,000,000 GENERAL OBLIGATION BONDS, SERIES B OF 2016
MAXIMUM BOND MATURITIES, AMOUNTS AND NOT-TO-EXCEED INTEREST RATES**

Date	Maximum Principal	Max Coupon	Interest	Debt Service	Maximum Fiscal Total
04/13/2016	-	-	-	-	-
09/15/2016	150,000.00	5.500%	696,666.67	846,666.67	846,666.67
03/15/2017	-	-	820,875.00	820,875.00	-
09/15/2017	2,375,000.00	5.500%	820,875.00	3,195,875.00	4,016,750.00
03/15/2018	-	-	755,562.50	755,562.50	-
09/15/2018	3,425,000.00	5.500%	755,562.50	4,180,562.50	4,936,125.00
03/15/2019	-	-	661,375.00	661,375.00	-
09/15/2019	3,525,000.00	5.500%	661,375.00	4,186,375.00	4,847,750.00
03/15/2020	-	-	564,437.50	564,437.50	-
09/15/2020	2,405,000.00	5.500%	564,437.50	2,969,437.50	3,533,875.00
03/15/2021	-	-	498,300.00	498,300.00	-
09/15/2021	2,500,000.00	5.500%	498,300.00	2,998,300.00	3,496,600.00
03/15/2022	-	-	429,550.00	429,550.00	-
09/15/2022	2,800,000.00	5.500%	429,550.00	3,229,550.00	3,659,100.00
03/15/2023	-	-	352,550.00	352,550.00	-
09/15/2023	1,280,000.00	5.500%	352,550.00	1,632,550.00	1,985,100.00
03/15/2024	-	-	317,350.00	317,350.00	-
09/15/2024	1,875,000.00	5.500%	317,350.00	2,192,350.00	2,509,700.00
03/15/2025	-	-	265,787.50	265,787.50	-
09/15/2025	1,925,000.00	5.500%	265,787.50	2,190,787.50	2,456,575.00
03/15/2026	-	-	212,850.00	212,850.00	-
09/15/2026	1,940,000.00	5.500%	212,850.00	2,152,850.00	2,365,700.00
03/15/2027	-	-	159,500.00	159,500.00	-
09/15/2027	1,950,000.00	5.500%	159,500.00	2,109,500.00	2,269,000.00
03/15/2028	-	-	105,875.00	105,875.00	-
09/15/2028	1,925,000.00	5.500%	105,875.00	2,030,875.00	2,136,750.00
03/15/2029	-	-	52,937.50	52,937.50	-
09/15/2029	1,925,000.00	5.500%	52,937.50	1,977,937.50	2,030,875.00
Total	\$30,000,000.00	-	\$11,090,566.67	\$41,090,566.67	-

Optional Redemption

To be as set forth in the appropriate Addendum to this Agreement.

\$44,540,000
ORIGINAL AGGREGATE PRINCIPAL AMOUNT
COUNTY OF LACKAWANNA, PENNSYLVANIA
GENERAL OBLIGATION NOTES
SERIES A OF 2008

INSTRUCTIONS TO PAYING AGENT REGARDING
NOTICE OF CONDITIONAL REDEMPTION

February 24, 2016

Mr. Vincent Mastrucci
Community Bank, N.A.
1300 Wyoming Avenue
Scranton, PA 1503

Re: \$44,540,000 original aggregate principal amount Lackawanna County, Pennsylvania,
General Obligation Notes, Series A of 2008

Dear Mr. Mastrucci:

The County of Lackawanna, Pennsylvania (the "County"), plans to issue its General Obligation Bonds, Series A of 2016 (the "2016 Bonds") for the purpose of providing funds for a refunding project of the County.

Community Bank, N.A. (the "Paying Agent") serves as paying agent and bond registrar with respect to bonds of the County designated as "General Obligation Notes, Series A of 2008", dated June 25, 2008 (the "2008 Notes"), which were issued under an ordinance of the Board of Commissioners of the County adopted on enacted on May 28, 2008 (the "Series of 2008 Notes Enabling Ordinance").

The County has determined to utilize a portion of the proceeds of the 2016 Bonds to refund the outstanding 2008 Notes in accordance with the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), and hereby exercises its right under the 2008 Notes and the Series of 2008 Notes Enabling Ordinance to call for optional redemption on _____, 2016 (the "Redemption Date"), all of the outstanding 2008 Notes.

In accordance with the Series of 2008 Notes Enabling Ordinance and the requirements of the Act, you are hereby given instructions, to mail, in the name of the County, an appropriate Conditional Notice of Redemption, with respect to the 2008 Notes, in the manner and at the times provided in the Series of 2008 Notes Enabling Ordinance and herein.

The County will provide funds from the proceeds of the 2016 Bonds sufficient to pay the principal of and interest on the 2008 Notes on the Redemption Date. The County

RECEIPT AND ACKNOWLEDGMENT

Receipt of the foregoing letter, duly executed on behalf of the County of Lackawanna, Pennsylvania, is acknowledged; and it is acknowledged that the instructions contained in such letter are satisfactory to the Paying Agent for the 2008 Notes.

Signed and dated this ____ day of _____, 2016.

COMMUNITY BANK, N.A.

By: _____
Title:

authorizes you to do all things and execute any and all documents in order to accomplish the refunding of the 2008 Notes.

The County acknowledges its obligation to pay or, if appropriate, to reimburse the Paying Agent for payment of all costs, fees (including, but not limited to, the annual and termination fees) and expenses incurred or to be incurred by the Paying Agent in connection with performance of duties of this letter and the Series of 2008 Notes Enabling Ordinance, it being the intent that all such costs, fees and expenses relating to the Conditional Notice of Redemption and the payment of the 2008 Notes shall be borne by the County.

It is assumed by the County that you will make appropriate arrangements and provisions so that strict compliance with the instructions contained herein and the provisions of the Series of 2008 Notes Enabling Ordinance relating to redemption of the 2008 Notes will be assured.

Also, please forward a copy of such Conditional Notice of Redemption to the appropriate office of Financial Security Assurance Inc., the insurer of the 2008 Notes, and all the current Nationally Recognized Municipal Securities Information Repositories under Securities and Exchange Commission Rule 15c2-12.

The execution and delivery to you of this letter and the giving of instructions contained herein are authorized and directed by the Board of Commissioners of the County.

Very truly yours,

COUNTY OF LACKAWANNA,
PENNSYLVANIA



Chairman

STEVENS & LEE

LAWYERS & CONSULTANTS

1460 Wyoming Avenue
Forty Fort, PA 18704
(570) 718-0300 Fax (570) 718-0400
www.stevenslee.com

Direct Dial: (570) 969-5364
Email: bpk@stevenslee.com
Direct Fax: (610) 988-0864

February 4, 2016

Mr. Patrick M. O'Malley, Chairman
Lackawanna County Board of Commissioners
Lackawanna County Administration Building
200 Adams Avenue, 6th Floor
Scranton, PA 18503

Dear Mr. O'Malley:

This letter sets forth the terms and conditions upon which Stevens & Lee, P.C. will serve as bond counsel to the County of Lackawanna, Pennsylvania (the "County"), in connection with the financing discussed below. We are pleased with your decision to engage Stevens & Lee, P.C. to serve as bond counsel and we look forward to working with you on the project. We understand that the County will be separately represented by John J. Brazil, Esquire, as solicitor to the County, in connection with this financing.

It is our understanding that the County will fund a project consisting of (1) currently refunding the County's outstanding General Obligation Notes, Series A of 2008; (2) advance refunding the County's outstanding General Obligation Bonds, Series A of 2007; (3) advance refunding the County's outstanding General Obligation Bonds, Series E of 2008; and (4) paying the costs and expenses of issuance of the Bonds (collectively, the "Project").

The Project will be financed through the issuance by the County of one or more series of tax-exempt general obligation bonds in the aggregate principal amount not to exceed \$80,000,000 (the "Bonds"). We understand that the Bonds will be purchased by an underwriter or underwriters and will be issued as publicly offered securities. The Bonds will be issued as tax-exempt obligations to fund the Project.

Philadelphia • Reading • Valley Forge • Allentown • Harrisburg • Lancaster
Scranton • Lackawanna • Princeton • Charleston • New York • Wilmington

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February 4, 2016

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I hope that you will excuse the formality of this letter, but the Rules of Professional Conduct for Pennsylvania attorneys require that we enter into a written agreement describing the basis upon which you will be charged for professional services performed by our firm. In addition, I thought that it would be helpful to confirm the scope and terms of our engagement with respect to the Project.

Scope of Engagement

As Bond Counsel, we will actively work with the administration of the County, its counsel and the County's financial advisor, if any, and underwriters to assist in the closing of the financing for the Project.

Our firm will provide the Bond Counsel services necessary to assist in the closing of the financing, including (a) preparing all necessary debt ordinances, advertisements and certificates and obtain necessary approvals from the Department of Community and Economic Development ("DCEd") relative to the issuance of the Bonds, (b) providing opinions needed relative to the tax-exempt status of interest on the Bonds when issued, (c) preparing Internal Revenue Service returns as necessary with respect to the issuance of the Bonds, (d) preparing necessary legal documentation to complete the issuance of the Bonds, and (e) attending necessary meetings of the Board of Commissioners of the County. Please be advised that when we provide our opinion as to any matter, it is with the understanding that our opinion is just that -- and not a promise or guarantee. Our engagement as Bond Counsel will terminate upon the issuance and closing of the Bonds and completion of normal post-closing matters.

In addition, if the scope of our services is enlarged beyond that described above and if we determine that a fee arrangement different from that described in this letter would be appropriate, we will reach agreement with you in advance on a separate fee arrangement for the additional work.

Determination of Fees and Expenses

Among the factors which we consider in establishing a fee are the following: the time devoted to a particular matter and the lawyers and paralegals who worked on that matter; the nature and complexity of the work performed; the expertise required to perform that work; the novelty and difficulty of the issues presented; the extent to which the urgency of the matter preempted other work; the extent to which the matter required special allocation of firm resources and staff overtime; and the result obtained.

Brian Koscelansky will have primary responsibility for the bond issue documentation with Ramiro Carbonell, who will have primary responsibility for the federal tax analysis with respect to the Bonds.

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February 4, 2016

Page 3

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing from discussions with you, the Solicitor and the underwriter of the Bonds, specifically that the Bonds will be authorized pursuant to an ordinance of the County, will close by March 31, 2016, and will consist of two series of general obligation bonds secured solely by a pledge of the full faith, credit and taxing power of the County; (ii) the duties we have and will undertake as bond counsel, and (iii) the time we anticipate devoting to the completion of the financing, our fee to serve as bond counsel will be \$90,000. This fee includes our out-of-pocket expenses include the following: reimbursement of the DCED filing fee in the amount of \$2,550, computerized legal research fees, photocopying expenses, long distance telephone toll charges, telecopy charges, scanning charges, travel expenses, secretarial overtime authorized by you or your counsel, closing transcript preparation and binding costs, and so forth. All required advertising costs will be billed directly to the County and are not included in our fee.

This fee does not include any financial advice or any work relating to disclosure matters, the preparation of any market disclosure documents, or the investment of Note proceeds or any derivative products, including, but not limited to, any interest rate swap agreements used in connection with the issuance of the Bonds. The County hereby acknowledges that Stevens & Lee, P.C. has not been engaged to provide any advice relating to disclosure matters, the preparation of any market disclosure documents, or the investment of Bond proceeds or any derivative products. If involved in any of the foregoing, our time will be billed separately based upon our agreement and the scope of work required in connection with such advice, disclosure, proceeds investment or derivative products.

This fee also does not include representation of the County in connection with any challenges or other legal actions relating to the debt proceedings or the issuance of the Bonds which may be filed with DCED or any court or administrative body. If involved in the representation of the County in connection with any such challenge or other actions, our time will be billed separately based upon our agreement on the scope of work required in connection with such proceedings.

If the structure, timing, etc., of the actual financing materially differs from the assumptions expressed above, we reserve the right to renegotiate the above fee with you in advance of the closing.

Billing Practices

Payment of our fee and expenses will be made upon the completion of the financing of the Project, its abandonment or its termination as provided below.

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February 4, 2016

Page 4

General Provisions

Enclosed with this letter is a statement entitled General Provisions, which sets forth additional terms and conditions, all of which are incorporated into this letter by reference and apply to our representation to the extent not expressly inconsistent with this letter.

Termination

Our engagement as bond counsel in connection with this particular matter may be terminated by you at any time for any reason. We may withdraw as bond counsel in this particular matter for good cause, because of a fact or circumstance that we would determine would render our serving as bond counsel inappropriate, unlawful or unethical. All unpaid fees and costs will be due and payable upon any such conclusion or termination of our engagement.

Email

We have found that the commercial world has become increasingly reliant upon various forms of electronic communication, such as e-mail, cellular telephones and electronic telefax (collectively, "Electronic Communications"), for purposes of day-to-day business communications. However, we bond that Electronic Communications are inherently less secure than more traditional methods of communication (hard wired telephones and telefax, U.S. mail and commercial couriers, for example) and involve a risk of interception by unauthorized third parties. We understand that, because of the convenience and efficiency of Electronic Communications, you are willing to accept the risk of unauthorized interception and have authorized us to communicate with you (and with others with whom we have dealings in connection with the matters we are handling for you) by means of Electronic Communications.

If at any time you should have a question, comment or concern, I would ask that you raise it with me at once so that we can address the matter without delay.

General Provisions

Except as modified by the accompanying engagement letter, the following provisions will apply to the relationship between Stevens & Lee, P.C. and our clients:

1. Either at the beginning or during the course of our representation, we may express our opinions or beliefs concerning the matter or various courses of action and the results that might be anticipated. Any such statement made by any attorney or other employee or affiliate of our firm is intended to be an expression of opinion only, based on information available to us at the time, and is not a promise or guarantee of any particular result.

2. A client shall have the right at any time to terminate our services and representation upon written notice to the firm. Such termination shall not, however, relieve the client of the obligation to pay for all services rendered and disbursements and other expenses made or incurred on behalf of the client prior to the date of termination and for services rendered and expenses incurred after such date to the extent they are required to protect our client's interests or as may be required by appropriate authorities.

3. We reserve the right to withdraw from our representation with our client's consent or without consent for good cause. "Good cause" may include the client's failure to honor the terms of the engagement letter, the client's failure to pay amounts billed in a timely manner, the client's failure to cooperate or follow our advice on a material matter, or any fact or circumstance that would, in our view, impair an effective attorney-client relationship or would render our continuing representation inappropriate, unlawful, or unethical. If we elect to do so, the client will take all steps necessary to free us of any obligation to perform further, including the execution of any documents (including forms for substitution of counsel) necessary to complete our withdrawal, and we will be entitled to be paid for all services rendered and disbursements and other expenses made or incurred on behalf of the client prior to the date of withdrawal and for services rendered and expenses incurred after such date to the extent they are required to protect our client's interests or as may be required by appropriate authorities.

4. We have found that our clients have become increasingly reliant upon various forms of electronic communication, such as e-mail, cellular telephones, other Internet communications, and electronic telefax (collectively, "Electronic Communications"), for purposes of day-to-day business communications. We note, however, that Electronic Communications may be inherently less secure than some traditional methods of communication (hard wired telephones and telefax, U.S. mail and commercial couriers, for example) and involve a risk of interception by unauthorized third parties. We understand that, because of the convenience and efficiency of Electronic Communications, you are willing to accept the risk of unauthorized interception and authorize us to communicate with you (and with others with whom we have dealings in connection with the matters we are handling for you) by means of Electronic Communications, unless you advise us in writing to the contrary.

5. Any controversy, dispute, or claim arising out of or relating to our fees, expenses, performance of legal services, obligations reflected in this letter, or other aspects of our representation shall be resolved through binding arbitration in Pennsylvania in accordance with the rules then in effect of or administered by the AAA, and judgment on the award rendered may

be entered in any court having jurisdiction thereof. YOU ACKNOWLEDGE THAT BY AGREEING TO ARBITRATION, YOU ARE RELINQUISHING YOUR RIGHTS TO BRING AN ACTION IN COURT AND TO DEMAND A JURY TRIAL.

6. Following the completion of this matter, the firm will not be precluded from accepting any other engagement on behalf of a client that may be adverse to you if such engagement is unrelated to the scope of our representation in this matter as described above and provided, of course, that any and all information that may be disclosed to the firm in the course of this matter shall not be disclosed to any former, current or future client of the firm.

STEVENS & LEE

A PROFESSIONAL CORPORATION

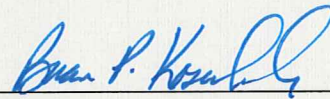
February 4, 2016

Page 5

If the foregoing is in accordance with your understanding, please sign the enclosed duplicate copy of this letter in the space provided for this purpose below and return it to me at your earliest convenience.

Sincerely,

STEVENS & LEE, P.C.

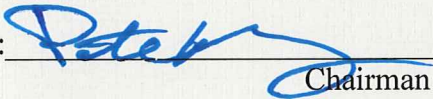


Brian P. Koscelansky

Accepted and agreed to this 24th day of February, 2016:

COUNTY OF LACKAWANNA, PENNSYLVANIA

By: _____



Chairman

DEBT STATEMENT PURSUANT TO
LOCAL GOVERNMENT UNIT DEBT ACT

Local Government Unit - County of Lackawanna Pennsylvania, Pennsylvania
Statement as of February 24, 2016

	<u>Electoral</u>	<u>Nonelectoral</u>	<u>Lease Rental</u>
I. GROSS INCURRED DEBT			
List and identify by year of issue			
A. Bonds outstanding	\$ _____	\$ 0 (2007A) ¹	\$ _____
	\$ _____	\$ 17,780,000 (2007B)	\$ _____
	\$ _____	\$ 0 (2008E) ²	\$ _____
	\$ _____	\$ 7,295,000 (2009A)	\$ _____
	\$ _____	\$ 58,290,000 (2010B)	\$ _____
	\$ _____	\$ 50,000,000 (2016A) ³	\$ _____
	\$ _____	\$ 30,000,000 (2016B) ⁴	\$ _____
B. Notes outstanding	\$ _____	\$ 0 (2008A) ⁵	\$ _____
	\$ _____	\$ 10,684,207 (2008D)	\$ _____
	\$ _____	\$ 26,460,000 (2009B)	\$ _____
	\$ _____	\$ 1,360,000 (2010A)	\$ _____
	\$ _____	\$ 12,425,000 (2011)	\$ _____
	\$ _____	\$ 1,983,876 (2013)	\$ _____
	\$ _____	\$ 2,587,000 (2014)	\$ _____
	\$ _____	\$ 7,285,501 (2014AB)	\$ _____
	\$ _____	\$ 7,211,000 (2015)	\$ _____
TOTAL	\$ -0-	\$233,361,584	\$ -0-

[The remainder of this page intentionally left blank.]

¹ To be refunded with the new 2016B issue
² To be refunded with the new 2016B issue
³ New issue
⁴ New issue
⁵ To be refunded with the new 2016A issue

TOTAL FROM PAGE 1	\$ -0-	\$233,361,584	\$ -0-
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II. CREDITS AND EXCLUSIONS

Less:

(where applicable)

1. Sinking funds, reserve accounts, bond proceeds	\$ _____	\$ _____	\$ _____
2. Current unpaid appropriations	\$ _____	\$ _____	\$ _____
3. Uncollected special assessments	\$ _____	\$ _____	\$ _____
4. Delinquent taxes and liens	\$ _____	\$ _____	\$ _____
5. Surplus cash	\$ _____	\$ _____	\$ _____
6. Solvent debts due	\$ _____	\$ _____	\$ _____
7. Indemnifying insurance	\$ _____	\$ _____	\$ _____
8. Self-liquidating and Self-Sustaining Debt (excluded under Sections 8024, 8025, 8026 and Pension Bonds)	\$ _____	\$ _____	\$ _____
TOTAL NET INDEBTEDNESS	\$ -0-	\$233,361,584	\$ -0-

III. The maximum aggregate principal amount of bonds or notes being issued or evidencing lease rental debt:..... \$ 80,000,000

IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 1110(b) after settlement of the issue:..... \$ 69,060,000*

V. The borrowing base as shown by appended borrowing base certificate:..... \$110,450,125

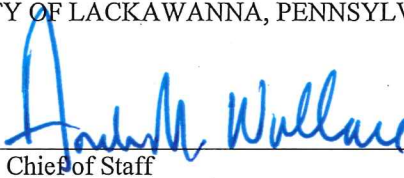
VI. Applicable debt limitations

(a) nonelectoral (300%) of the borrowing base).....	\$331,350,375
(b) nonelectoral plus lease rental (400%) of borrowing base).....	\$441,800,500

* \$44,500,000 (2008A Notes), \$14,225,000 (2007A Bonds), and \$10,335,000 (2008E Bonds)

IN WITNESS WHEREOF, I, being an authorized officer of the County of Lackawanna Pennsylvania, and being authorized to prepare, certify and file the foregoing debt statement, have hereunto set my hand and affixed the seal of the County this 29 day of February, 2016.

COUNTY OF LACKAWANNA, PENNSYLVANIA



Chief of Staff

(SEAL)

COMMONWEALTH OF PENNSYLVANIA

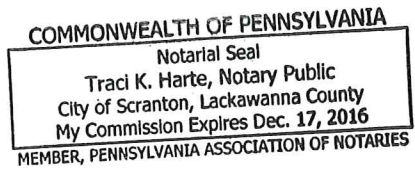
:
:SS.
:

COUNTY OF Lackawanna

Before me, the undersigned Notary Public, personally appeared Andrew M. Wallace, who being duly sworn according to law deposes and says that he is the Chief of Staff of the County of Lackawanna, Pennsylvania, and that the facts set forth in the foregoing are true and correct.

Sworn to and subscribed before me this 24 day of February, 2016.

Traci K. Harte
Notary Public



COUNTY OF LACKAWANNA, PENNSYLVANIA

APPLICATION FORM

In the Matter of the Proposed Incurrence of
Indebtedness in
Accordance with the Provisions of the
Local Government Unit Debt Act

TO: Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street
Fourth Floor
Harrisburg, PA 17120

Re: County of Lackawanna County, Pennsylvania
Nonelectoral Debt in the Principal Amount
Not to Exceed \$80,000,000

February 24, 2016

Application is hereby made pursuant to Section 8111(a) the Local Government Unit Debt Act, as amended (the "Act"), for approval of the proceedings taken by the County of Lackawanna, Pennsylvania (the "County"), to incur nonelectoral debt in the aggregate principal amount not to exceed \$80,000,000 and to evidence the same by the issuance of general obligation bonds in the same aggregate principal amount.

It is hereby certified to the Department of Community and Economic Development that each of the two (2) originals of the transcript of proceedings enclosed and as listed below is a complete and accurate copy of the proceedings of the County for the incurring of said debt:

- (a) This Application for Approval;
- (b) Proof of Publication of Preenactment Notice;
- (c) Proof of Publication of Postenactment Notice;
- (d) Ordinance;
- (e) Purchase Contract;
- (f) Certified Debt Service Schedules and Supporting Schedules, if any; and
- (g) Debt Statement including Borrowing Base Certificate.

In accordance with the Act, the County reserves the right to file a further Debt Statement claiming any additional credits and exclusions as it may be entitled to with respect to the gross indebtedness presently outstanding and the debt presently to be incurred.

Please return one (1) copy with your approval attached at your earliest convenience to Sally Billings, Legal Assistant, Stevens & Lee, P.C., 1460 Wyoming Avenue, Forty Fort, Pennsylvania 18704.

Thank you very much for your cooperation.

Very truly yours,

COUNTY OF LACKAWANNA,
PENNSYLVANIA

BY: 

Chief of Staff

(SEAL)

BORROWING BASE CERTIFICATE

County of Lackawanna, Pennsylvania

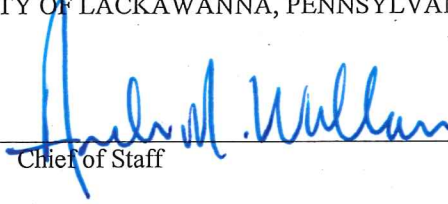
Prepared as of February 24, 2016

The borrowing base is the arithmetic average of total revenues received for the three preceding fiscal years as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002(c)(16) of the Local Government Unit Debt Act. The following method may be used:

	FISCAL YEAR (ending December 31)		
	2015*	2014	2013
Total Revenues Received (money from <u>all</u> sources)	\$147,253,755	\$154,396,654	\$152,203,107
<u>Less:</u>			
I. (1) State and Federal subsidies and reimbursements related to a particular project financed by debt	\$ 0	\$ 0	\$ 0
II. (1) Revenues, receipts, assessments, etc., pledged or self-liquidating debt	\$	\$	\$
III. (1) Interest on moneys in sinking funds pledged for debt	\$ 89	\$ 197	\$ 7,034
IV. (1) Grants and gifts-in-aid measured by construction or acquisition of specific projects	\$ 31,284,539	\$ 44,797,841	\$ 46,413,441
V. (1) Nonrecurring Receipts	\$ _____	\$ _____	\$ _____
SUBTOTAL	\$115,969,127	\$109,598,616	\$105,782,632
TOTAL NET REVENUES			\$331,350,375
BORROWING BASE (Total Net Revenues divided by 3)			\$110,450,125

*Unaudited

COUNTY OF LACKAWANNA, PENNSYLVANIA



Chief of Staff

(SEAL)

WRAP Schedule

MAXIMUM REFUNDED DEBT SERVICE REQUIREMENTS (WRAP SCHEDULE)

FISCAL YEAR	2007 B BONDS	2008 D NOTES	2009 A BONDS	2009 B NOTES	2010 A NOTE	2010 B BONDS	2011 NOTE (UNFUNDED DEBT)	2013 NOTE	2014 NOTE	2014 A NOTE	2015 NOTE	MAXIMUM 2016 A BONDS	MAXIMUM 2016 B BONDS	MAXIMUM REFUNDED DEBT SERVICE
2016	494,507.50	2,080,000.00	539,337.50	793,226.88	33,965.24	1,452,427.50	1,983,857.63	245,387.25	678,761.26	643,772.08	1,315,131.90	1,261,111.11	846,666.67	12,368,152.52
2017	931,265.00	2,165,000.00	536,287.50	1,586,171.26	487,437.11	2,903,542.50	2,642,552.62	327,183.00	678,333.82	643,772.08	1,314,796.90	3,294,500.00	4,016,750.00	21,529,691.79
2018	1,324,202.50	2,185,000.00	537,237.50	1,580,606.26	487,353.66	2,850,692.50	2,642,134.58	327,183.00	678,810.27	643,772.09	1,317,866.50	3,254,250.00	4,936,125.00	22,765,233.86
2019	1,361,202.50	2,225,000.00	536,187.50	1,580,323.76	490,068.97	2,849,117.50	2,642,661.51	327,183.00	679,032.33	643,772.09	1,308,249.10	3,224,550.00	4,847,750.00	22,715,098.26
2020	1,405,750.00	3,070,000.00	535,137.50	1,580,041.26		2,847,430.00	2,642,522.23	327,183.00		643,772.08	2,511,219.50	3,194,850.00	3,533,875.00	22,291,780.57
2021	1,452,250.00	6,220,000.00	534,087.50	1,579,758.76		2,845,630.00	2,642,703.41	327,183.00		643,772.09		3,195,150.00	3,496,600.00	22,937,134.76
2022	1,505,000.00	3,900,000.00	533,037.50	1,579,476.26		4,278,780.00		327,183.00		643,772.09		4,208,800.00	3,659,100.00	20,635,148.85
2023	2,553,500.00	1,460,000.00	1,351,987.50	1,579,193.76		5,157,350.00	165,468.81		643,772.10		5,454,975.00	1,985,100.00		20,351,347.17
2024	2,552,750.00		1,338,537.50	1,943,911.26		5,670,550.00			643,772.09		5,402,725.00	2,509,700.00		20,061,945.85
2025	2,552,500.00		1,366,937.50	1,903,006.26		5,609,350.00			643,772.10		5,354,425.00	2,456,575.00		19,886,565.86
2026	2,552,500.00		1,356,612.50	1,908,231.26		5,545,750.00			643,772.09		5,249,525.00	2,365,700.00		19,622,090.85
2027	2,552,500.00		1,331,937.50	1,927,043.76		5,483,250.00			643,772.09		5,145,775.00	2,269,000.00		19,353,278.35
2028	2,552,250.00		1,328,637.50	2,007,662.50		5,371,000.00			643,772.08		5,052,900.00	2,136,750.00		19,092,972.08
2029	2,551,500.00		1,329,900.00	2,017,112.50		5,291,250.00			643,772.08		4,950,075.00	2,030,875.00		18,814,484.58
2030				5,654,212.50		6,982,250.00			321,886.04		4,912,575.00			17,870,923.54
2031				5,655,700.00		6,900,250.00					4,761,550.00			17,317,500.00
2032				5,656,900.00		6,824,250.00					4,627,775.00			17,108,925.00
2033				5,651,900.00		6,738,500.00					4,485,150.00			16,875,550.00
2034				5,655,100.00		6,648,000.00					4,328,950.00			16,632,050.00
2035						7,087,500.00					4,214,725.00			11,302,225.00

26,341,677.50 23,305,000.00 13,157,862.50 51,839,578.24 1,498,824.98 99,336,870.00 15,196,431.98 2,373,954.06 2,714,937.68 9,334,695.27 7,767,263.90 85,574,336.11 41,090,566.67 379,531,998.89

LACKAWANNA COUNTY
LACKAWANNA COUNTY, PENNSYLVANIA

GENERAL OBLIGATION BONDS, SERIES A OF 2016

MAXIMUM DEBT SERVICE REQUIREMENTS

DATE	MAXIMUM PRINCIPAL	MAX RATE	MAXIMUM INTEREST	MAXIMUM NET DEBT SERVICE	MAX FISCAL YEAR DEBT SERVICE
13-Apr-16					
15-Sep-16	100,000.00	5.5000%	1,161,111.11	1,261,111.11	1,261,111.11
15-Mar-17	-		1,372,250.00	1,372,250.00	-
15-Sep-17	550,000.00	5.5000%	1,372,250.00	1,922,250.00	3,294,500.00
15-Mar-18	-		1,357,125.00	1,357,125.00	-
15-Sep-18	540,000.00	5.5000%	1,357,125.00	1,897,125.00	3,254,250.00
15-Mar-19	-		1,342,275.00	1,342,275.00	-
15-Sep-19	540,000.00	5.5000%	1,342,275.00	1,882,275.00	3,224,550.00
15-Mar-20	-		1,327,425.00	1,327,425.00	-
15-Sep-20	540,000.00	5.5000%	1,327,425.00	1,867,425.00	3,194,850.00
15-Mar-21	-		1,312,575.00	1,312,575.00	-
15-Sep-21	570,000.00	5.5000%	1,312,575.00	1,882,575.00	3,195,150.00
15-Mar-22	-		1,296,900.00	1,296,900.00	-
15-Sep-22	1,615,000.00	5.5000%	1,296,900.00	2,911,900.00	4,208,800.00
15-Mar-23	-		1,252,487.50	1,252,487.50	-
15-Sep-23	2,950,000.00	5.5000%	1,252,487.50	4,202,487.50	5,454,975.00
15-Mar-24	-		1,171,362.50	1,171,362.50	-
15-Sep-24	3,060,000.00	5.5000%	1,171,362.50	4,231,362.50	5,402,725.00
15-Mar-25	-		1,087,212.50	1,087,212.50	-
15-Sep-25	3,180,000.00	5.5000%	1,087,212.50	4,267,212.50	5,354,425.00
15-Mar-26	-		999,762.50	999,762.50	-
15-Sep-26	3,250,000.00	5.5000%	999,762.50	4,249,762.50	5,249,525.00
15-Mar-27	-		910,387.50	910,387.50	-
15-Sep-27	3,325,000.00	5.5000%	910,387.50	4,235,387.50	5,145,775.00
15-Mar-28	-		818,950.00	818,950.00	-
15-Sep-28	3,415,000.00	5.5000%	818,950.00	4,233,950.00	5,052,900.00
15-Mar-29	-		725,037.50	725,037.50	-
15-Sep-29	3,500,000.00	5.5000%	725,037.50	4,225,037.50	4,950,075.00
15-Mar-30	-		628,787.50	628,787.50	-
15-Sep-30	3,655,000.00	5.5000%	628,787.50	4,283,787.50	4,912,575.00
15-Mar-31	-		528,275.00	528,275.00	-
15-Sep-31	3,705,000.00	5.5000%	528,275.00	4,233,275.00	4,761,550.00
15-Mar-32	-		426,387.50	426,387.50	-
15-Sep-32	3,775,000.00	5.5000%	426,387.50	4,201,387.50	4,627,775.00
15-Mar-33	-		322,575.00	322,575.00	-
15-Sep-33	3,840,000.00	5.5000%	322,575.00	4,162,575.00	4,485,150.00
15-Mar-34	-		216,975.00	216,975.00	-
15-Sep-34	3,895,000.00	5.5000%	216,975.00	4,111,975.00	4,328,950.00
15-Mar-35	-		109,862.50	109,862.50	-
15-Sep-35	3,995,000.00	5.5000%	109,862.50	4,104,862.50	4,214,725.00
	50,000,000.00		35,574,336.11	85,574,336.11	85,574,336.11

GENERAL OBLIGATION BONDS, SERIES B OF 2016

MAXIMUM DEBT SERVICE REQUIREMENTS

DATE	MAXIMUM PRINCIPAL	MAX RATE	MAXIMUM INTEREST	MAXIMUM NET DEBT SERVICE	MAX FISCAL YEAR DEBT SERVICE
13-Apr-16					
15-Sep-16	150,000.00	5.500%	696,666.67	846,666.67	846,666.67
15-Mar-17			820,875.00	820,875.00	-
15-Sep-17	2,375,000.00	5.500%	820,875.00	3,195,875.00	4,016,750.00
15-Mar-18			755,562.50	755,562.50	-
15-Sep-18	3,425,000.00	5.500%	755,562.50	4,180,562.50	4,936,125.00
15-Mar-19			661,375.00	661,375.00	-
15-Sep-19	3,525,000.00	5.500%	661,375.00	4,186,375.00	4,847,750.00
15-Mar-20			564,437.50	564,437.50	-
15-Sep-20	2,405,000.00	5.500%	564,437.50	2,969,437.50	3,533,875.00
15-Mar-21			498,300.00	498,300.00	-
15-Sep-21	2,500,000.00	5.500%	498,300.00	2,998,300.00	3,496,600.00
15-Mar-22			429,550.00	429,550.00	-
15-Sep-22	2,800,000.00	5.500%	429,550.00	3,229,550.00	3,659,100.00
15-Mar-23			352,550.00	352,550.00	-
15-Sep-23	1,280,000.00	5.500%	352,550.00	1,632,550.00	1,985,100.00
15-Mar-24			317,350.00	317,350.00	-
15-Sep-24	1,875,000.00	5.500%	317,350.00	2,192,350.00	2,509,700.00
15-Mar-25			265,787.50	265,787.50	-
15-Sep-25	1,925,000.00	5.500%	265,787.50	2,190,787.50	2,456,575.00
15-Mar-26			212,850.00	212,850.00	-
15-Sep-26	1,940,000.00	5.500%	212,850.00	2,152,850.00	2,365,700.00
15-Mar-27			159,500.00	159,500.00	-
15-Sep-27	1,950,000.00	5.500%	159,500.00	2,109,500.00	2,269,000.00
15-Mar-28			105,875.00	105,875.00	-
15-Sep-28	1,925,000.00	5.500%	105,875.00	2,030,875.00	2,136,750.00
15-Mar-29			52,937.50	52,937.50	-
15-Sep-29	1,925,000.00	5.500%	52,937.50	1,977,937.50	2,030,875.00
	30,000,000.00		11,090,566.67	41,090,566.67	41,090,566.67

CERTIFICATE

I, the undersigned duly authorized officer of the County of Lackawanna Pennsylvania (the "County"), hereby certify that attached hereto is a true and correct copy of the Debt Service Schedules, and supporting schedules, if any, for the County's \$80,000,000 maximum aggregate principal amount General Obligation Bonds, Series A and B of 2016, consisting of \$50,000,000 maximum aggregate principal amount General Obligation Bonds, Series A of 2016 and \$30,000,000 maximum aggregate principal amount General Obligation Bonds, Series B of 2016.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this 24th day of February, 2016.

COUNTY OF LACKAWANNA,
PENNSYLVANIA

(SEAL)

By: _____


Chief of Staff