

1979
Ord. H 35

Adopted at a Regular Meeting of the Lackawanna County Commissioners held on September 24, 1985.

AUTHORIZING THE INCURRING OF LEASE RENTAL DEBT EVIDENCED BY A GUARANTY AGREEMENT: ESTIMATING THE USEFUL LIFE OF THE PROJECT: AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING WITH THE DEPARTMENT OF COMMUNITY AFFAIRS OF A DEBT STATEMENT AND OTHER DOCUMENTS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT; AUTHORIZING THE EXCLUSION OF ALL OR PART OF THE INDEBTEDNESS AS SUBSIDIZED DEBT OR SELF-LIQUIDATING DEBT; REPEALING ALL INCONSISTENT ORDINANCES OR RESOLUTIONS; AUTHORIZING AND DIRECTING UPON CERTAIN CONDITIONS AND UPON RECEIPT OF THE APPROVAL OF DEPARTMENT OF COMMUNITY AFFAIRS THE EXECUTION AND DELIVERY OF SAID GUARANTY AGREEMENT: APPROVING THE FORM OF THE AUTHORITY BOND; AND APPROVING THE FORM OF GUARANTY.

WHEREAS, the Lackawanna River Basin Sewer Authority (the "Authority") was organized in July, 1966, by the Board of County Commissioners (the "Board") of the County of Lackawanna, Pennsylvania (the "County") under provisions of the Pennsylvania Municipality Authorities Act of 1945, P.L. 382, as amended; and

WHEREAS, the Authority has undertaken as a project the refunding (the "Refunding") of its Guaranteed Sewer Revenue Refunding Bonds, 1977 Series (the "1977 Bonds"); and

WHEREAS, the 1977 Bonds were issued to refund the Authority's Sewer Revenue Bonds, 1970 Series and its Sewer Revenue Bonds (1970 \$100 Term Bonds) (collectively, the "1970 Bonds"); and

WHEREAS, the proceeds of the 1970 Bonds were used to finance a project consisting of the construction of certain sewage treatment and interceptor facilities serving fifteen municipalities in Northeastern Pennsylvania (the "Sewer Facilities"); and

WHEREAS, the Authority plans to finance a portion of the costs of the Refunding by the issuance of its Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, in the aggregate principal amount of \$12,935,000 (the "1985 Bonds"); and

WHEREAS, the 1985 Bonds are to be issued under and pursuant to a Trust Indenture dated as of October 1, 1985 (the "Indenture") by and between the Authority and First Eastern Bank, N.A., as trustee (the "Trustee"); and

WHEREAS, the proceeds derived from the issuance of the 1985 Bonds are to be applied to the costs of the Refunding, which will benefit the County and promote the general health and welfare of the residents thereof; and

WHEREAS, the County desires that the Authority issue the 1985 Bonds and apply the proceeds as aforesaid and is willing to enter into a guaranty agreement (the "1985 Guaranty Agreement") in order to enhance the marketability of the 1985 Bonds and thereby achieve interest cost and other savings with respect to the Authority's sewer facilities and as an inducement to the purchase of the 1985 Bonds; and

WHEREAS, the obligation of the County under the 1985 Guaranty Agreement constitutes lease rental debt under the Local Government Unit Debt Act, P.L. 871 of 1972, as amended and reenacted by P.L. 52 of 1978, as amended (the "Debt Act"); and

WHEREAS, said Debt Act requires certain actions as a prerequisite to incurring lease rental debt;

NOW, THEREFORE, the Board of County Commissioners of the County of Lackawanna, Pennsylvania, hereby ORDAINS AND ENACTS that:

Section 1. The County hereby authorizes the incurring of lease rental debt in the form of the guaranty contained in the 1985 Guaranty Agreement hereinafter recited, to secure the payment of principal and interest on the 1985 Bonds which the Authority proposes to issue to provide funds for and toward the costs of Refunding, all as more fully described in the Bond Purchase Proposal (the "Bond Purchase Proposal") of Russell, Rea & Zappala, Inc., for the purchase of the 1985 Bonds such proposal to be dated September 24, 1985, and to be accepted that day by the Authority, and in the Official Statements approved by resolution of the Authority and by resolution of the Board of County Commissioners, adopted concurrently herewith. The description of the Refunding, as described in the foregoing documents, is hereby incorporated by reference herein and is adopted and approved.

Section 2. The realistic estimated useful life of the Authority's Sewer Facilities is hereby declared to be 50 years.

Section 3. The Chairman of the Board and the Administrative Director of the County, or any duly appointed successor to either thereof, as the case may be, are hereby authorized and directed to prepare, certify and file with the Department of Community Affairs, in accordance with the Debt Act, a Debt Statement required by Section 410 thereof and are further hereby authorized and directed to prepare and file any statements required by the Debt Act which are necessary to qualify that portion of the gross lease rental debt of the County securing the payment of principal and interest on the 1985 Bonds which may be excluded from such gross lease rental debt as subsidized or self-liquidating debt, for the purposes of establishing the net lease rental debt of the County and determining its debt limit, and the said Chairman and Administrative Director are hereby authorized and directed to prepare and execute a certificate stating the County's borrowing base, as that term is defined in the Debt Act, for submission to the Department of Community Affairs.

Section 4. Subject to the satisfaction of the conditions of the Bond Proposal by the Authority and the approval of the Department of Community Affairs of the authorization to incur debt, the members of the Board and the Controller and the Treasurer of the County are hereby authorized, and directed to execute, acknowledge and deliver, and the Administrative Director of the County is hereby authorized and directed to affix and attest the corporate seal of the County to a 1985 Guaranty Agreement in substantially the form attached hereto and made a part hereof as Exhibit A, with such changes therein as counsel may advise and the Officers executing the same may approve, their approval to be evidenced by their execution thereof.

Section 5. The 1985 Bonds to be issued by the Authority shall be guaranteed revenue bonds as defined in the Debt Act, to be substantially in the form approved in Exhibit A hereto, maturing, bearing interest, redeemable and payable at the place and on the dates as contained in the form of 1985 Bond and 1985 Guaranty Agreement set forth in Exhibit A hereto.

Section 6. The 1985 Bonds shall be sold at negotiated sale to the firm hereinabove recited.

Section 7. The County intends hereby to incur lease rental debt in accordance with the Debt Act. The County covenants to and with the holders, from time to time, of the 1985 Bonds, that the County: (1) shall include the amount payable in respect of the Guaranty for each fiscal year in which such sums are payable in its budget for that fiscal year, (2) shall appropriate such amounts from its revenue for the payment of the Guaranty, and (3) shall duly and punctually pay or cause to be paid from its revenues or funds the principal of and interest on the 1985 Bonds, to the extent of its obligations as provided in the Guaranty Agreement, and, for such budgeting, appropriation and payment, the County shall and does pledge, irrevocably, its fully faith, credit and taxing power. As provided in the Act, the foregoing covenants of the County shall be specifically enforceable.

Section 8. All prior ordinances or resolutions or parts thereof inconsistent herewith are hereby repealed.

Section 9. The 1985 Guaranty Agreement shall be in substantially the form contained Exhibit A, the terms and provisions thereof being in all respects adopted fully herein, and the form of the Authority Bonds shall be in substantially the form contained in Exhibit A, and such form is hereby approved.

Section 10. This Ordinance shall become effective October 4, 1985.

DULY ADOPTED, by the Governing Body of this County, in lawful session duly assembled, this 24th day of September, 1985

ATTEST:

COUNTY OF LACKAWANNA, PENNSYLVANIA

David J. Thwait
Administrative Director

By: *Joseph J. Porecun*
County Commissioner

By: *Ray L. Allmyer*
County Commissioner

(SEAL)

By: _____
County Commissioner

GUARANTY AGREEMENT

This Guaranty Agreement (the "Agreement"), made as of October 1, 1985 by THE COUNTY OF LACKAWANNA, a body politic of the Commonwealth of Pennsylvania with offices at 200 Adams Avenue, Scranton, Pennsylvania (the "Guarantor") and FIRST EASTERN BANK, N.A. (the "Trustee"), a national banking association, with offices in Scranton, Pennsylvania, together with any successor at the time serving as such under the Trust Indenture hereinafter mentioned.

WHEREAS, the Lackawanna River Basin Sewer Authority (the "Authority"), a body corporate and politic organized and existing under Pennsylvania Law, intends to undertake as a project (the "Project") the issuance of its Guaranteed Sewer Revenue Refunding Bonds, Series of 1985 in the aggregate principal amount of \$12,935,000 (the "1985 Bonds"); and

WHEREAS, the 1985 Bonds are to be issued under and pursuant to a Trust Indenture dated as of October 1, 1985, between the Authority and the Trustee (the "1985 Indenture"); and

WHEREAS, the proceeds derived from the issuance of the 1985 Bonds are to be applied to provide a portion of the costs of refunding the Authority's Guaranteed Sewer Revenue Refunding Bonds, 1977 Series (the "1977 Bonds"), previously guaranteed by the County of Lackawanna pursuant to a certain Guaranty Agreement (the "1977 Guaranty Agreement"); and

WHEREAS, the proceeds derived from the issuance of the 1977 Bonds were applied to provide a portion of the costs of refunding the Authority's Sewer Revenued Bonds, 1970 Series (the "1970 Bonds"), previously secured by the County of Lackawanna pursuant to a certain agreement (the "1970 County Agreement") with the Authority dated as of March 1, 1970; and

WHEREAS, the proceeds of the 1970 Bonds were used, inter alia, to construct certain sewage treatment and interceptor facilities (the "Facilities") to transport and treat sanitary sewage from 15 municipalities (the "Municipalities") which have entered into service agreements (the "Service Agreements") with the Authority wherein the Municipalities agree to pay certain amounts to the Authority for such services; and

WHEREAS, the Project will promote the general health and welfare of the residents of the County of Lackawanna; and

WHEREAS, the Guarantor desires that the Authority issue the 1985 Bonds and apply the proceeds as aforesaid and is willing to enter into this Agreement because the Project will promote the purposes of the County at less expense than would otherwise be incurred and in order to enhance the marketability of the 1985 Bonds and thereby achieve interest cost and other savings with respect to the operations of the Authority and as an inducement to the purchase of the 1985 Bonds by all who shall at any time become holders of the 1985 Bonds;

NOW, THEREFORE, in consideration of the premises herein contained the Guarantor does hereby, subject to the terms hereof, covenant and agree with the trustee as follows:

GUARANTY

Section 1.01. In consideration of an in order to induce the purchase of the 1985 Bonds at the interest rate provided for therein, in consideration of and to induce the Authority to issue the 1985 Bonds and to provide the financing thereby contemplated, in consideration of the benefits which will accrue to the Guarantor as a result of the financing of the Project by the Authority, and intending to be legally bound, the Guarantor, subject to the provisions contained herein, hereby unconditionally guarantees to the Trustee for the benefit of the holders of, any time and from time to time of the 1985 Bonds: (a) the full and prompt payment of the principal or redemption price of any 1985 Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration or call for redemption or otherwise, (b) the full and prompt payment of any interest on any 1985 Bonds when and as the same shall become due. The amounts specified in subparagraphs (a) and (b) above shall hereinafter be collectively called the "Indebtedness". All payment by the Guarantor shall be paid in lawful money of the United States of America. Each and every default in payment of the Indebtedness shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 1.02. Except as provided herein, the obligations of the Guarantor under this Agreement shall be independent, absolute and unconditional and shall remain in full force in effect until the Indebtedness shall have been paid in full or otherwise defeased as provided in the Indenture, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to, or the consent of, the Guarantor:

(a) The failure by the Authority to continue operation of the Sewer Facilities or failure to otherwise perform any obligation contained in the 1985 Indenture, the Service Agreements, or in any other agreement entered pursuant thereto, for any reason whatsoever, including, without limiting the generality of the foregoing, insufficiency of funds, negligence or willful misconduct on the part of the Authority, the Municipalities, the Guarantor, or any other guarantor or surety, their agents, or independent contractors, legal action of any nature which prohibits or delays operation of the Sewer Facilities, labor disputes, war insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise;

(b) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority or the Municipalities under the 1985 Indenture or Service Agreements, whether or not pursuant to the terms thereof;

(c) the failure to give notice to the Guarantor, of the occurrence of an event of default under the terms and provisions of this Agreement the 1985 Indenture or the Service Agreement;

(d) the assignment, pledge, mortgaging or purported assignment of all or any part of the interest of the Authority in the Sewer Facilities or any failure of title with respect to the Authority's interest in the Sewer Facilities;

(e) the waiver of the payment, performance or observance by the Authority or the Municipalities of any of the obligations and covenants of either of them contained in the 1985 Indenture or the Service Agreements, or by the Guarantor of obligations and covenants contained in this Agreement;

(f) the extension of the time for payment of the Indebtedness, or any part thereof, or of the time for performance of any other obligations, covenants or agreements under or arising out of any of the aforementioned documents or the extension or the renewal of any thereof;

(g) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the aforementioned documents except as expressly permitted by and in accordance with the provisions thereof;

(h) the taking or the omission of any of the actions referred to in the aforementioned documents, including this Agreement;

(i) any failure, omission, delay or lack on the part of the Authority or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Authority or the Trustee in the aforementioned documents, or any other act or acts on the part of the Authority, the Trustee or any of the holders from time to time of the 1985 Bonds, either directly or by or through their duly authorized representatives;

(j) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting any Municipality, the Guarantor or the Authority or any of the assets of any of them or any allegation or contest of the validity of this Agreement in any such proceeding; or

(k) to the extent permitted by law, the release or discharge of the Guarantor from the performance or observance of any obligation, covenant, or agreement contained in this Agreement by operation of law;

(l) the default or failure of the Guarantor fully to perform any of the obligations set forth in this Agreement; or

(m) the damage or partial or total destruction of the Sewer Facilities, or the taking of title to or the temporary use of the Sewer Facilities by any lawful authority.

Provided, however, that from and after the date upon which the Indebtedness shall no longer be outstanding, the obligations of the Guarantor hereunder shall cease to have effect.

Section 1.03. No set-off, counterclaim, reduction, or diminution of any obligation, or defense of any kind or nature which the Guarantor have or may come to have against the Authority or the Trustee shall be available hereunder to the hereunder to the Guarantor; provided that nothing contained herein shall prohibit the Guarantor from asserting any claim against the Authority or the Trustee in a separate proceeding, which proceeding shall in no way delay the prompt performance by the Guarantor of its obligations hereunder.

Section 1.04. In the event of a default in the payment of principal of or any premium on any Bond when and as the same shall become due, whether at the state of maturity thereof by acceleration or call for redemption or otherwise or in the event of a default of the payment on any interest on any Bond when and as the same shall become due, the Trustee may, and if requested to do so by the holders of 15% in aggregate principal amount of 1985 Bonds then outstanding, and upon indemnification as hereinafter provided, the trustee shall be obligated to proceed first and directly against the Guarantor under this Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Authority and the Trustee.

Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

The Guarantor agrees to pay all costs, expenses and fees, including, to the extent permitted by law, all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 1.05. The Guarantor hereby expressly waives notice in writing or otherwise from the trustee or the holders at any time or from time to time of any of the 1985 Bonds or the interest coupons appertaining thereto of their acceptance and reliance on this Agreement.

Section 1.06. This Agreement is entered into by the Guarantor for the benefit of the Trustee and the holders from time to time of the 1985 Bonds and any successor trustees and their respective successors and assigns under the Indenture, all of whom shall be entitled to enforce performance and observance of this Agreement and of the Guarantees and other provisions herein contained.

Section 1.07. The obligation of the Guarantor under this Agreement shall constitute a guaranty as defined in Section 102(c)(7.1) of the Pennsylvania Local Government Unit Debt Act (the "Act"), 53 P.S. s6780-2(7.1), and shall be subject to the provisions for enforcement of such a guaranty, as provided in the Act, including, but not limited to, the provisions of Section 1201 thereof. The Guarantor hereby covenants with the holders of the 1985 Bonds that it will:

(a) Include the amounts payable for the benefit of the holders of the 1985 Bonds pursuant to this Agreement in its budget for the applicable fiscal year or years of the Guarantor;

(b) Appropriate such amounts from its revenues for the payment of such amounts pursuant to this Agreement; and

(c) Duly and promptly pay or cause to be paid such amounts, in accordance with this Agreement.

For the purposes of complying with the covenants of this paragraph, the Guarantor shall budget the amounts set forth in Exhibit A hereto, being the debt service payments on the 1985 Bonds, for the year in which such amounts are payable, but there shall be allowed as a credit the amount of revenues expected to be received by the Trustee pursuant to, and as more fully set forth in, the Indenture available to pay such debt service.

The Guarantor hereby pledges its full faith, credit and taxing power in support of the covenants contained in this Section, and such covenants shall be specifically enforceable.

Section 1.08. Anything contained in this Agreement to the contrary notwithstanding, except as provided herein with respect to expenses incurred in connection with the enforcement hereof, the obligations of the Guarantor hereunder shall be satisfied in full and discharged when the Indebtedness has been paid in full or has been defeased pursuant to the 1985 Indenture.

MISCELLANEOUS

Section 2.01. The Guarantor covenants that while the Indebtedness, or any portion thereof, remains unpaid, it will not dissolve or otherwise dispose of all of substantially all of its assets.

Section 2.02. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice to the Guarantor, prior to the demand for payment other than such notice as may be herein expressly required. In the event any provision contained in this Agreement should be breached by the Guarantor and thereafter duly waived by the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of any of the terms of this Agreement shall be established by conduct, custom or course of dealing.

Section 2.03. In the event of a default under the terms and provisions of the 1985 Indenture, the Trustee shall have all the rights and remedies provided in this Agreement.

Section 2.04. No amendment, change, modification, alteration or termination of the Indenture shall be effective which would in any way increase the Guarantor's obligations under this Agreement without the prior written consent of the Guarantor first had and obtained.

Section 2.05. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when any of the 1985 Bonds shall have been issued, sold and delivered by the Authority.

Section 2.06. This Agreement constitutes the entire agreement, and supercedes all prior agreements and understandings both written and oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 2.07. The invalidity or unenforceability of any one or more provisions in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

Section 2.08. This Agreement shall not be amended by the parties hereto except in writing signed by all the parties hereto.

Section 2.09. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the Guarantor has caused this Agreement to be executed and delivered in their respective names and behalf and this Agreement has been accepted by Bank.

ATTEST: *David M. Starnes*
Administrative Director

LACKAWANNA COUNTY
By: *Joseph J. Brennan*
Ray G. Blumig
Chad Lutz
BOARD OF COMMISSIONERS

Controller

Treasurer

Approved as to Form:
David M. Starnes
Counsel to Lackawanna County

Accepted for First Eastern Bank, N.A.
as Trustee

Authorized Officer

(FORM OF \$5,000 REVENUE BONDS)

(Bond Text - Face of Bond)

No. LRBSR-

LACKAWANNA RIVER BASIN SEWER AUTHORITY
LACKAWANNA COUNTY, PENNSYLVANIA

GUARANTEED SEWER REVENUE REFUNDING BOND, 1985 SERIES

LACKAWANNA RIVER BASIN SEWER AUTHORITY (the "Authority"), a body corporate and politic organized by the County Commissioners of Lackawanna County, Pennsylvania (the "Commissioners"), and duly existing under the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended, (the "Act") for value received, promises to pay (but only out of the Pledged Revenues described in the Indenture hereinafter mentioned) to _____ or registered assigns on _____, unless this Bond shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, the principal sum of \$5,000 and to pay (but only out of said Pledged Revenues) interest thereon from

_____, until payment of said principal sum has been made or provided for, at the rate of _____ (____ %) per annum, on March 1 and September 1 in each year, commencing March 1, 1986. Principal and interest shall be paid at the Principal office of First Eastern Bank, N.A., Wilkes-Barre, Pennsylvania, or at the duly designated office of any duly appointed alternate or successor paying agent, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This Bond is one of a series limited to \$12,935,000 in aggregate principal amount issued under a trust indenture (the "Indenture") dated as of October 1, 1985, between the Authority and First Eastern Bank, N.A., Wilkes-Barre, Pennsylvania, as trustee (the "Trustee"), for the purpose of providing a portion of the cost of refunding the outstanding bonds of the Authority's \$18,085,000 Sewer Revenue Bonds, 1977 Series.

Installments of interest and principal payable prior to the final maturity date hereof shall be paid to the registered holder herof by check or draft mailed to such holder at his addressed last appearing on the Bond register maintained by the Trustee as of the fifteenth day of the month preceding the payment date (the "Record Date"). The installment of interest and principal payable on the final maturity date hereof shall be upon surrender of this Bond for payment at the corporate trust office of the Trustee or at the office designated for such payment by any successor thereof or other Paying Agent appointed pursuant to the Indenture.

Reference is made to the Indenture, an executed counterpart of which is on file at the principal corporate trust office of the Trustee, for a statement of the purposes for which the Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, are issued; a description of the Pledged Revenues of the Authority assigned and pledged for the security of the Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, and other bonds which may be issued under the Indenture; the provisions relating to the issuance of additional bonds under the Indenture; a description of the duties and rights of the Authority and of the Trustee, and the provisions relating to amendments to and modifications of the Indenture and the extent of the rights of Bondholders.

Under Local Government Unit Debt Act, approved July 12, 1972, Act No. 185, as amended, the County of Lackawanna (the "County") has entered into a Guaranty Agreement dated as of October 1, 1985, with the Trustee for the benefit of Holders of these Revenue Bonds, wherein it unconditionally pledges its full faith, credit and taxing power for the payment of the principal or redemption price and interest on this Bond when and as the same shall become due.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name by the facsimile signature of its Chairman and the facsimile of its corporate seal to be printed and attested by the facsimile signature of its Secretary and has caused interest coupons bearing the facsimile signature of its Treasurer to be hereto attached. Dated as of October 1, 1985.

LACKAWANNA COUNTY RIVER BASIN SEWER
AUTHORITY

By: _____

ATTEST: _____
Secretary

(Bond Text - Back of Bond)

OPTIONAL REDEMPTION IN WHOLE

The Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, maturing after September 1, 1993, are subject to redemption prior to maturity, at the option of the Authority, as a whole on September 1, 1995, or on any date thereafter, such redemption to be made upon payment of redemption price equal to 100% of the principal amount thereof plus interest accrued to the redemption.

OPTIONAL REDEMPTION IN PART

The Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, maturing after September 1, 1993 are subject to redemption prior to maturity, at the option of the Authority, in part from time to time on September 1, 1995, or on any interest payment date thereafter. Any such redemptions shall be in inverse order of maturity and within any maturity by lot. Redemption shall be made at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

SINKING FUND REDEMPTION

The Guaranteed Sewer Revenue Bonds, 1985 Series, maturing on September 1, 1997 are subject to redemption by the Authority prior to maturity in each of the years 1994 to 1997 inclusive from moneys required to be deposited in the 1985 Series Revenue Bonds Sinking Fund established under the Indenture, the Bonds to be redeemed being selected by lot by the Trustee and such redemptions to be made at the Sinking Fund Redemption Price equal to 100% of the principal amount thereof plus interest accrued to the redemption date. The amount of Bonds to be redeemed on any September 1 shall be reduced by the amount of Bonds, if any, redeemed after the last preceding September 1 pursuant to optional redemption in accordance with the provisions of the Bonds or the Indenture.

Any redemption under any of the preceding paragraphs shall be made as provided in the Indenture upon not less than 30 days' notice by publication and by mailing copies of such notice to the registered owners of Bond to be redeemed, but failure to mail any such notice, or any defect in the mailing thereof, will not affect the validity of the redemption. If the Authority deposits with the Trustee funds sufficient to pay the principal or redemption price of any Bonds becoming due at maturity, by call for redemption, or otherwise, together with interest accrued to the due date, interest on such Bonds will cease to accrue on the due date, and thereafter the holders will be restricted to the funds so deposited as provided in the Indenture.

The Authority has caused CUSIP numbers to be printed on the Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to bond holders. No representation is made as to the accuracy of such numbers either as printed on the Bonds or as contained in any notice of redemption and reliance may be placed only on the identification numbers prefixed "LRBSR-", printed hereon.

In case an Event of Default, as defined in the Indenture, shall have occurred the principal of all Bonds then outstanding under the Indenture may become due and payable before their respective maturity dates.

The Act provides that bonds of authorities created thereunder shall have all the qualities of negotiable instruments under the law merchant and the negotiable instruments law of the Commonwealth of Pennsylvania.

No recourse shall be had for the payment of the principal or redemption price of or interest on this Bond, or for any claim based hereon or on the Indenture, against any member, officer, employee or agent, past, present or future, of the Authority or of any 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.

No transfer hereof shall be valid unless made on the books of the Authority to be kept for that purpose at the principal corporate trust office of the Trustee by the registered owner in person by his duly authorized attorney and similarly noted hereon. The Authority and the Trustee may treat the registered owner, as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, are issuable in the form of fully registered Bonds, in the denomination of \$5,000 each or any whole multiple thereof not exceeding the aggregate principal amount of Guaranteed Sewer Revenue Refunding Bonds, 1985 Series, maturing in any one year.

This Bond is transferable by the registered owner hereof or his duly authorized attorney at the principal corporate trust office of the Trustee, upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guarantee of signature satisfactory to the Trustee and subject to such reasonable regulations as the Issuer or the Trustee may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new registered Bond or Bonds of the same maturity and in the same aggregate principal amount will be issue to the transferee. The person in whose name this Bond is registered shall be deemed the owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

This Bond is not valid unless the Trustee's Certificate endorsed hereon is duly executed.

(Form Of Trustee's Certificate For \$5,000 Revenue Bonds)

TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds, of the Series designated herein, described in the within-mentioned Indenture. Printed hereon are the complete texts of the opinions of Bond Counsel, Messrs. Dilworth, Paxson, Kalish & Kauffman, Philadelphia, Pennsylvania, and Special Tax Counsel, Berkman Ruslander Pohl Lieber & Engel, Pittsburgh, Pennsylvania signed originals of which are on file with the undersigned which were dated the date of the original delivery of, and payment for, the Bonds of said Series.

FIRST EASTERN BANK, N.A.

Trustee

By: _____

Authorized Officer

(Certificate of Registration)

Notice: No writing hereon except by the Trustee on behalf of the Authority. It is hereby certified that the within bond is registered as to principal, as follows:

<u>Name of Registered Holder</u>	<u>Date of Registration</u>	<u>Signature of Registrar</u>
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WHEREAS, the execution and delivery of the 1985 Revenue Bonds and of this Indenture have in all respects been duly authorized and all things necessary to make such Bonds, when executed by the Authority and authenticated by the Trustee, the valid and binding legal obligations of the Authority and to make the Indenture a valid and binding agreement, have been done;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure to the Bondholders, in the manner set forth below, the payment of the principal or redemption price (as the case may be) of and interest on the Bonds issued and outstanding under this Indenture and the performance of the covenants therein and herein contained, the Authority does hereby sell, assign, transfer, set over and pledge unto the First Eastern Bank, N.A., as Trustee its successors in the trust and its assigns forever all of the right, title and interest of the Authority in and to its System Revenues and other Pledged Revenues (as hereinafter respectively defined).

TO HAVE AND TO HOLD the same and all other revenues, property, contracts or contract rights which may, by delivery, assignment or otherwise, be subjected to the lien and security interest created by this Indenture.

IN TRUST NEVERTHELESS, for the benefit and security, as set forth herein, of all present and future holders of the Bonds to be issued under this Indenture, but without presence, priority or distinction as to lien or otherwise (except as herein specifically provided), of any one 1985 Revenue Bond over any other 1985 Revenue Bond.

LACKAWANNA COUNTY COMMISSIONERS

Joseph J. Corcoran

Joseph J. Corcoran

Ray A. Alberigi

Ray A. Alberigi

Charles Luger

Charles Luger

ATTEST:

Gerald L. Stanvitch

Gerald L. Stanvitch
Administrative Director