

Ordinance #43

FIRST READING - SEPTEMBER 23, 1986

SECOND READING - SEPTEMBER 29, 1986

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 NOTES; AND APPROVING THE FORM OF GUARANTY.

WHEREAS, the Northeastern Pennsylvania Sports Development Corporation, Inc. (the "Corporation") was organized under the provisions of the Pennsylvania Nonprofit Corporation Law of 1972, P.L. 1063, as amended on September __, 1986, by the Board of County Commissioners (the "Board") of the County of Lackawanna, Pennsylvania (the "County") and on behalf of both Lackawanna County and Luzerne County, pursuant to the Pennsylvania Local Government Unit Debt Act.

WHEREAS, the Corporation intends to undertake as a project (the "Project") the issuance of the following notes (the "1986 Notes"):

(a) the Corporation's note in an aggregate principal amount not to exceed \$1,225,876.48; and
(b) the Corporation's note in an aggregate principal amount not to exceed \$950,000.

WHEREAS, the 1986 Notes are to be issued under and pursuant to a loan agreement (the "Loan Agreement") dated as of October 20, 1986, among the Corporation, First Eastern Bank, N.A., as lender (the "Bank"), the Multi-Purpose Stadium Authority of Lackawanna County (the "Authority") and Northeastern Baseball, Inc.,; and

WHEREAS, the proceeds derived from the issuance of the 1986 Notes are to be applied to fund the acquisition by the Authority of AAA baseball franchise (the "Franchise"), to pay capitalized interest on the 1986 Notes and to pay certain costs of issuance in connection with the 1986 Notes; and

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

WHEREAS, the County and Luzerne County have each agreed to guaranty not more than fifty percent (50%) of the Corporation's payment obligations under the Notes, respectively; and

WHEREAS, the County desires that the Authority issue the 1986 Notes and apply the proceeds as aforesaid and is willing to enter into a guaranty agreement (the "1986 Guaranty Agreement") pursuant to which the County will guaranty not more than fifty percent (50%) of the Corporation's payment obligation under the Notes, 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 1986 Notes 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 1986 Notes by all who shall at any time become holders of the 1986 Notes;

WHEREAS, the obligation of the County under the 1986 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 1986 Guaranty Agreement hereinafter recited, to secure the payment of principal and interest on the 1986 Notes which the Corporation proposes to issue to provide funds for and toward the costs of the Project, all as more fully described in the Notes, the Guaranty and the commitment letter (the "Commitment Letter") of the Bank, for the purchase of the 1986 Notes, such Commitment Letter being dated September __, 1986, and having been accepted that day by the Corporation. The description of the Project, 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 Franchise is hereby declared to be 25 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 not more than fifty percent (50%) of the principal and interest on the 1986 Notes 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 Commitment Letter by the Corporation 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 the 1986 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 1986 Notes to be issued by the Corporation shall be guaranteed revenue notes 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 forms of 1986 Notes and 1986 Guaranty Agreement set forth in Exhibit A hereto.

Section 6. The 1986 Notes shall be sold at private, negotiated sale to the Bank and the County hereby finds that such private, negotiate sale is in the best financial interest of the County.

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 1986 Notes, 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 revenues for the payment of the Guaranty, and (3) shall duly and punctually pay or cause to be paid from its revenue or funds the principal of and interest on the 1986 Notes, 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 1986 Guaranty Agreement shall be in substantially the form contained in Exhibit A, the terms and provisions thereof being in all respects adopted fully herein, and the form of the 1986 Notes shall be in substantially the form contained in Exhibit A, and such form is hereby approved.



Section 10. This Ordinance shall become effective September __, 1986.

DULY ADOPTED, by the Governing Body of this County, in lawful session duly assembled, this 29th day of September 1986.

ATTEST:

COUNTY OF LACKAWANNA, PENNSYLVANIA


ADMINISTRATIVE DIRECTOR

BY: 
RAY A. ALBERIGI

JOSEPH J. CORCORAN

CHARLES LUGER

(SEAL)

GUARANTY AGREEMENT

This Guaranty Agreement (the "Agreement"), made as of October 1986 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 "Bank"), a national banking association, with offices in Wilkes-Barre, Pennsylvania, pursuant to a Loan Agreement (the "Loan Agreement") of even date herewith, among the Bank, Northeastern Pennsylvania Sports Development Corporation, Inc. (the "Corporation"), Multi-Purpose Stadium Authority of Lackawanna County (the "Authority") and Northeastern Baseball, Inc. ("Northeast").

BACKGROUND

Pursuant to an Agreement of Sale, dated as of September 3, 1986, Northeast has agreed to purchase from _____, a AAA baseball franchise (the "Franchise"). Prior to closing, the Agreement of Sale will be assigned by Northeast to the Authority and the Authority will take title to the Franchise. Pursuant to the Loan Agreement, the Corporation is issuing the following notes (the "1986 Notes"):

(a) the Corporation's note in an aggregate principal amount not to exceed One Million Two Hundred Twenty Five Thousand Eight Hundred Seventy Six Dollars and Forty Eight Cents

(\$1,225,876.48); and

(b) the Corporation's Note in an aggregate principal amount not to exceed Nine Hundred Fifty Thousand Dollars (\$950,000).

The proceeds of such Notes will be granted by the Corporations to the Authority to fund the acquisition by the Authority of the Franchise. As security for performance of the Corporation's obligation under the Notes, Lackawanna County and Luzerne County have each agreed to guaranty not more than fifty percent (50%) of the payment obligations of the Corporation in connection with the Notes, respectively. Northeast will undertake a fundraising drive to solicit contributions to assist in the financing of the acquisition of the Franchise. As additional security for the performance of the Corporation's obligations under the Notes, Northeast will pledge to the Bank and grant a security interest in all Northeast's receipts under the said fundraising drive.

GUARANTY

Section 1.01. In consideration of and in order to induce the Bank to purchase the Notes at the interest rates provided for therein, in consideration of and to induce the Corporation to issue the Notes and to provide the financing thereby contemplated, in consideration of the benefits which will accrue to the Guarantor as a result of the purchase of the Property by the Authority, and intending to be legally bound, the Guarantor, subject to the provisions contained herein, hereby unconditionally guarantees not more than fifty percent (50%) of the payment obligations of the Corporation to the Bank with respect to the Notes, including: (a) the full and prompt payment of not more than fifty percent (50%) of the principal of the Notes when and as the same shall become due, whether at the stated maturity thereof, at redemption prior to the maturity thereof or otherwise, and (b) the full and prompt payment of not more than fifty percent (50%) of any interest on the Notes 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 payments 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.

It is specifically agreed and understood by the parties hereto that the obligations of Lackawanna County and Luzerne County under their respective guarantees are not joint and several, but are limited to the obligations specified herein and in the Guaranty Agreement executed by Luzerne County.

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, 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 Franchise or failure of the Corporation, the Authority or Northeast to otherwise perform any obligation contained in the Loan Agreement, or in any other agreement entered pursuant to the Notes or the Loan Agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, insufficiency of funds, negligence or willful misconduct on the part of the Corporation, Northeast, 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 Franchise, 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 Corporation, Northeast, or the Authority under the Loan Agreement, 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;

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

(e) the waiver of the payment, performance or observance by the Corporation, Northeast or the Authority of any of the obligations and covenants of any of them contained in the Agreement of Sale, the Notes or the Loan Agreement, 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 Bank to enforce, assert or exercise any right, power or remedy conferred on the Bank in the aforementioned documents, or any other act or acts on the part of the Corporation, Northeast, the Authority or the Bank, 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 the Bank, the Guarantor, the Corporation, Northeast 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 observation 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 taking of title to or the temporary use of the Franchise 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 any defense of any kind or nature which the Guarantor have or may come to have against the Corporation or the Bank 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 Corporation or the Bank 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 the Indebtedness when and as the same shall become due, and the expiration of any curative period provided therefore, (a) the Bank may exercise its rights and remedies under this Agreement to the extent of the amounts in default, without any acceleration of amounts due under the Notes or this Agreement; and (b) if, after the expiration of not less than 60 days from the date of the Bank's exercise of its rights and remedies under this Agreement, as provided in subsection (a) of this Section, the Corporation remains in default, the Guarantor shall forthwith, upon demand by the Bank, pay, on behalf of the Corporation, the full amount of the Indebtedness, including any amounts due by reason of acceleration of the Corporation's obligations under the Note.

Section 1.05. 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 Notes that it will:

(a) Include the amounts payable for the benefit of the holders of the Notes pursuant to this Agreement in its budget for the application 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.

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 1.06. 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.

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 without the consent of the Bank.

Section 2.02. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other available remedy or remedies, but each any 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 Bank 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 the notices provided for in the Notes. In the event any provision contained in this Agreement should be breached by the Guarantor and thereafter duly 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 estimated by conduct, custom or course of dealing.

Section 2.03. In the event of a default under the terms and provisions of the Loan Agreement or the Notes, the Bank shall have all the rights and remedies provided in this Agreement.

Section 2.04. 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 2.05. This Agreement shall not be amended by the parties hereto except in writing signed by all parties hereto.

Section 2.06. 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.

**PROMISSORY NOTE
OF THE
NORTHEASTERN PENNSYLVANIA SPORTS DEVELOPMENT CORPORATION, INC.**

\$1,225,876.48

October 20, 1986

NORTHEASTERN PENNSYLVANIA SPORTS DEVELOPMENT CORPORATION, INC., a non-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal place of business in the Pittston, Luzerne County, Pennsylvania (hereinafter called "Maker") does hereby promise to pay to the order of First Eastern Bank, N.A. a national banking association, (hereinafter called "Bank") at the principal office of Bank in Wilkes-Barre, Pennsylvania, or at such other place as the holder hereof may, from time to time, direct Maker in writing, the sum of One Million Two Hundred Twenty Five Thousand Eight Hundred Seventy Six Dollars and Forty Eight Cents (\$1,225,876.48) lawful money of the United States of America, together with interest on the unpaid principal balance thereof outstanding from time to time at the following rates per annum:

- (a) for the period beginning on the date of the issuance of this Note and ending on February 15, 1988, nine percent (9%) fixed; and
- (b) for the period beginning on February 16, 1988 and ending February 15, 1993, ten percent (10%) fixed; and
- (c) for the period beginning February 15, 1993, a rate equal to the rate paid by First Eastern Bank, N.A. on its five year Certificates of Deposit (the "5 Year CD Rate") on February 15, 1993, such rate to be reset to the ten-current 5 Year CD Rate on each fifth February 15th thereafter, provided, however, that in no case shall the interest rate on this Note exceed fourteen percent (14%) per annum.

Principal and interest at the aforesaid rates shall be paid as follows:

- (a) 4 consecutive monthly installments of interest only on the outstanding principal balance of this Note, beginning on November 15, 1986 and on the 15th day of each month thereafter, through February 15, 1987; and
- (b) consecutive yearly payments of \$150,000, such amounts to be applied first to interest accrued on this Note and the remainder to principal, beginning on February 15, 1990 and on each February 15th thereafter; and
- (c) a final payment of \$150,000, or such lesser amount as is sufficient to pay, in full, the entire outstanding principal balance of this Note, together with all interest due, at the aforementioned rates.

The Maker shall have the privilege of prepaying without premium or penalty the principal balance of this Note in whole or in part at any time and without notice, together with accrued interest to the date of prepayment.

The loan evidenced by this Note has been disbursed by the Bank in accordance with the terms of a Loan Agreement (the "Loan Agreement") of even date herewith among the Bank, the Maker, the Multi-Purpose Stadium Authority of Lackawanna County (the "Authority") and Northeastern Baseball, Inc., ("Northeast") and all such disbursements shall be considered as the principal due under this Note and shall be payable in accordance with the terms hereof. The proceeds of this Note shall be granted to the Authority and used to fund a portion of the acquisition, by the Authority, of a AAA baseball franchise (the "Franchise") and the payment of interest on this Note.

This Note is secured, inter alia, by the following collateral (hereinafter called the "Collateral"):

- (a) the guaranty, by Lackawanna County, of not more than fifty percent (50%) of the payment obligations of the Maker under this Note;
- (b) the guaranty, by Luzerne County, no more than fifty percent (50%) of the payment obligations of the Maker under this Note; and
- (c) a security interest on the part of the Bank, as secured party, in all revenues derived by Northeast Baseball, Inc. from a fundraising effort to assist in the financing of the franchise, as more completely described in the Loan Agreement.

Bank shall have a first lien upon and security interest in the Collateral to secure payment of this Note and any renewals, extensions and modifications hereof and any and all other sums due or to become due under this Note, the Collateral and the Loan Agreement (said sums due being hereinafter sometimes collectively referred to as the "Liabilities"). No failure by Bank to comply with the request of the Maker respecting preservation of the Collateral shall of itself be deemed a failure to exercise reasonable care.

In addition to all other rights possessed by it, Bank shall have the following rights, each of which may be exercised at any time: (i) to pledge or transfer this Note and any renewals, extensions, and modifications thereof, assigning therewith Bank's rights in the Collateral or any portion thereof in accordance with its terms and any such pledgee or transferee shall have all the rights of Bank hereunder with respect to this Note and any renewals, extensions and modifications hereof any any of the Collateral so assigned therewith, and the Bank shall be thereafter relieved from all liability with respect to any of the Collateral so assigned; (ii) after default by maker to notify the persons obligated on any of the Collateral to make payment to Bank of any amounts due or to become due thereon; and (iii) after default by

Maker, to apply any proceeds of the Collateral against the Liabilities in such manner and in such order as Bank may elect.

If Maker shall fail to observe or perform any of the agreements and covenants of Maker contained herein or in the Collateral, Bank may, in its discretion, but without any duty to do so, and without waiving any default, perform any of such terms, covenants and conditions, in part or in whole, and any money advanced or expended by Bank in or toward the fulfillment of such terms, covenants and conditions, shall be due on demand and become a part of and added to the indebtedness due under this Note and secured by the Collateral with interest thereon at a rate equal to the interest rate on the principal of this Note, from the date of the respective advance or expenditure.

Maker shall be in default hereunder upon: (i) the nonpayment after the same is due of any of the Liabilities, (ii) a default under any of the Collateral which is not corrected within the applicable period therein specified, if any, or (iii) a default under the aforementioned Loan Agreement.

In the event of such default hereunder, Bank shall have the following rights or remedies provided Bank gives written notice to Maker, Lackawanna County and Luzerne County of such default, and any default involving payment of money is not corrected within 60 days of such written notice and any default involving other obligations is not corrected within 60 days of such written notice or if, within such 60 day period, diligent effort is being made to cure such default, such longer period as may, in Bank's judgment, be required to cure said default with reasonable dispatch:

(a) Bank may exercise its rights under the Note and the Guaranty to the extent of the amounts due under the Note or the Guaranty, without any acceleration of amounts due under the Note; and

(b) If, after the expiration of not less than 60 days from the date of the Bank's exercise of its rights under the Guaranty, as provided in subparagraph (a) of this paragraph, the maker remains in default hereunder, the Bank shall have the following additional remedies:

(i) unless Bank elects otherwise, the entire unpaid amount of the Liabilities shall become immediately due and payable in full without notice to or demand on Maker of any kind and without presentation, demand or protest, all of which are hereby waived;

(ii) Bank may at its option exercise from time to time any and all rights and remedies available to it as to the Collateral, including, without limitation, its rights and remedies as a secured party under the Uniform Commercial Code as then enacted and construed, including the right to dispose of the Collateral at public or private sale(s) or other proceedings, and Maker agrees that Bank or its nominee may become the purchaser at any such sale(s), and may apply the proceeds of any such disposition to the Liabilities in such sale(s), and may apply the proceeds of any such disposition to the Liabilities in such manner and in such order as Bank may elect; and

(iii) Maker does hereby authorize and empower any Attorney of any court of record in the event of a default hereunder to appear for and to confess judgment against Maker for the unpaid balance hereof with interest, together with any and all charges, taxes and liens paid by Bank, its successors or assigns, and in any manner affecting or chargeable against the Collateral, together with cost of suit, plus 5% of the amount then due hereunder but no less than \$750 as an attorney's commission, with release of all procedural defects and errors, in the preparation and filing of all documents relating to, and in the conduct of such proceedings. If a true and correct copy hereof shall have been filed in said proceedings, it shall not be necessary to file the original as a warrant or attorney. Entry of judgment shall not be deemed to exhaust the warrant of attorney hereby granted and the same may be exercised by the holder hereof at any time. Entry of judgment shall not be deemed to restrict Bank's right to collect interest on the principal amount due and owing at the rate specified in this Note. Maker waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Any failure of Bank to exercise any right or remedy hereunder shall not be construed as a waiver of the right to exercise the same or any other right or remedy at any other time.

All notices to be given by either party to the other hereunder shall be in writing and shall be sent by postpaid registered mail, return receipt requested and shall be effective upon receipt. Any such notice by Maker to Bank shall be addressed to:

First Eastern Bank, N.A.
Lackawanna and Washington Avenue
Scranton, Pennsylvania 18503
Attention: Pete Roberts

or to such other address and person as Bank may specify in a written notice to Maker. Any such notice by Bank to the Maker shall be addressed to:

Northeastern Pennsylvania Sports Development
Corporation, Inc.
1151 Oak Street
Pittston, Pennsylvania 18740
Attention: President

with a copy to the Lackawanna County addressed to:

County of Lackawanna
Lackawanna County Administration Building
200 Adams Avenue
Scranton, Pennsylvania 18503

Attention: Administrative Director

and a copy to Luzerne County addressed to:

County of Luzerne
Luzerne County Courthouse
Wilkes-Barre, Pennsylvania 18701
Attention: County Clerk

or to such other address and person as the Maker or either County may specify in a written notice to Bank.

Maker intends this to be a sealed instrument and to be legally bound hereby.

Presentment, demand and protest are hereby waived by Maker.

All issues arising hereunder shall be governed by the laws of Pennsylvania.

This Note is not an obligation of the Commonwealth of Pennsylvania or any political subdivision thereof, other than Maker, nor shall said Commonwealth or any political subdivision thereof, other than Maker, be liable for payment of principal or interest hereon, except as provided herein. Maker has no taxing power.

IN WITNESS WHEREOF, the Maker has caused this instrument to be executed on its behalf by its duly authorized officer.

**PROMISSORY NOTE
OF THE
NORTHEASTERN PENNSYLVANIA SPORTS DEVELOPMENT CORPORATION, INC.**

\$950,000

October 20, 1986

NORTHEASTERN PENNSYLVANIA SPORTS DEVELOPMENT CORPORATION, INC., a non-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal place of business in the Pittston, Luzerne County, Pennsylvania (hereinafter called "Maker") does hereby promise to pay to the order of First Eastern Bank, N.A. a national banking association, (hereinafter called "Bank") at the principal office of Bank in Wilkes-Barre, Pennsylvania, or at such other place as the holder hereof may, from time to time, direct Maker in writing, the sum of Nine Hundred Fifty Thousand Dollars (\$950,000) lawful money of the United States of America, together with interest on the unpaid principal balance thereof outstanding from time to time at the following rates per annum:

(a) for the period beginning on the date of the issuance of this Note and ending on October 20, 1989, nine percent (9%) fixed; and

(b) for the period beginning on October 20, 1989 and ending February 15, 1993, ten percent (10%) fixed; and

(c) for the period beginning February 15, 1993, a rate equal to the rate paid by First Eastern Bank, N.A. on its five year Certificates of Deposit (the "5 Year CD Rate") on February 15, 1993, such rate to be reset to the then-current 5 Year CD Rate on each fifth February 15th thereafter, provided, however, that in no case shall the interest rate on this Note exceed fourteen percent (14%) per annum.

Principal and interest at the aforesaid rates shall be paid as follows:

(a) 36 consecutive monthly installments of interest only on the outstanding principal balance of this Note, beginning on November 15, 1986 and on the 15th day of each month thereafter, through February 15, 1987; and

(b) consecutive yearly payments of _____ such amounts to be applied first to interest accrued on this Note and the remainder to principal, beginning on February 15, 1990 and on each February 15th thereafter; and

(c) a final payment of _____ or such lesser amount as is sufficient to pay, in full, the entire outstanding principal balance of this Note, together with all interest due, at the aforementioned rates.

The Maker shall have the privilege of prepaying without premium or penalty the principal balance of this Note in whole or in part at any time and without notice, together with accrued interest to the date of prepayment.

The loan evidenced by this Note has been disbursed by the Bank in accordance with the terms of a Loan Agreement (the "Agreement") of even date herewith among the Bank, the Maker, the Multi-Purpose Stadium Authority of Lackawanna County (the "Authority") and Northeastern Baseball, Inc., ("Northeast") and all such disbursements shall be considered as the principal due under this Note and shall be payable in accordance with the terms hereof. The proceeds of this Note shall be granted to the Authority and used to fund a portion of the acquisition, by the Authority, of a AAA baseball franchise (the "Franchise") and the payment of interest on this Note.

This Note is secured, inter alia, by the following collateral (hereinafter called the "Collateral"):

(a) the guaranty, by Lackawanna County, of not more than fifty percent (50%) of the payment obligations of the Maker under this Note;

(b) the guaranty, by Luzerne County, no more than fifty percent (50%) of the payment obligations of the Maker under this Note; and

(c) a security interest on the part of the Bank, as secured party, in all revenues derived by Northeast Baseball, Inc. from a fundraising effort to assist in the financing of the franchise, as more completely described in the Loan Agreement.

Bank shall have a first lien upon and security interest in the Collateral to secure payment

of this Note and any renewals, extensions and modifications hereof and any and all other sums due or to become due under this Note, the Collateral and the Loan Agreement (said sums due being hereinafter sometimes collectively referred to as the "Liabilities"). No failure by Bank to comply with the request of the Maker respecting preservation of the Collateral shall of itself be deemed a failure to exercise reasonable care.

In addition to all other rights possessed by it, Bank shall have the following rights, each of which may be exercised at any time: (i) to pledge or transfer this Note and any renewals, extensions, and modifications thereof, assigning therewith Bank's rights in the Collateral or any portion thereof in accordance with its terms and any such pledgee or transferee shall have all the rights of Bank hereunder with respect to this Note and any renewals, extensions and modifications hereof and any of the Collateral so assigned therewith, and the Bank shall be thereafter relieved from all liability with respect to any of the Collateral so assigned; (ii) after default by Maker to notify the persons obligated on any of the Collateral to make payment to Bank of any amounts due or to become due thereon; and (iii) after default by Maker, to apply any proceeds of the Collateral against the Liabilities in such manner and in such order as Bank may elect.

If Maker shall fail to observe or perform any of the agreements and covenants of Maker contained herein or in the Collateral, Bank may, in its discretion, but without any duty to do so, and without waiving any default, perform any of such terms, covenants and conditions, in part or in whole, and any money advanced or expended by Bank in or toward the fulfillment of such terms, covenants and conditions, shall be due on demand and become a part of and added to the indebtedness due under this Note and secured by the Collateral with interest thereon at a rate equal to the interest rate on the principal of this Note, from the date of the respective advance or expenditure.

Maker shall be in default hereunder upon: (i) the nonpayment after the same is due of any of the Liabilities, (ii) a default under any of the Collateral which is not corrected within the applicable period therein specified, if any, or (iii) a default under the aforementioned Loan Agreement.

In the event of such default hereunder, Bank shall have the following rights or remedies provided Bank gives written notice to Maker, Lackawanna County and Luzerne County of such default, and any default involving payment of money is not corrected within 60 days of such written notice and any default involving other obligations is not corrected within 60 days of such written notice or if, within such 60 day period, diligent effort is being made to cure such default, such longer period as may, in Bank's judgement, be required to cure said default with reasonable dispatch:

(a) Bank may exercise its rights under the Note and the Guaranty to the extent of the amounts due under the Note or the Guaranty, without any acceleration of amounts due under the Note; and

(b) If, after the expiration of not less than 60 days from the date of the Bank's exercise of its rights under the Guaranty, as provided in subparagraph (a) of this paragraph, the Maker remains in default hereunder, the Bank shall have the following additional remedies:

(i) unless Bank elects otherwise, the entire unpaid amount of the Liabilities shall become immediately due and payable in full without presentation, demand or protest, all of which are hereby waived;

(ii) Bank may at its option exercise from time to time any and all rights and remedies available to it as to the Collateral, including, without limitation, its rights and remedies as a secured party under the Uniform Commercial Code as then enacted and construed, including the right to dispose of the Collateral at public or private sale(s) or other proceedings, and Maker agrees that Bank or its nominee may become the purchaser at any such sale(s), and may apply the proceeds of any such disposition to the Liabilities in such manner and in such order as Bank may elect; and

(iii) Maker does hereby authorize and empower any Attorney of any court of record in the event of a default hereunder to appear for and to confess judgement against Maker for the unpaid balance hereof with interest, together with any and all charges, taxes and liens paid by Bank, its successors or assigns, and in any manner affecting or chargeable against the Collateral, together with cost of suit, plus 5% of the amount then due hereunder but no less than \$750 as an attorney's commission, with release of all procedural defects and errors, in the preparation and filing of all documents relating to, and in the conduct of such proceedings, If a true and correct copy hereof shall have been filed in said proceedings, it shall not be necessary to file the original as a warrant of attorney. Entry of judgment shall not be deemed to exhaust the warrant of attorney hereby granted and the same may be exercised by the holder hereof at any time. Entry of judgment shall not be deemed to restrict Bank's right to collect interest on the principal amount due and owing at a rate specified in this Note. Maker waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Any failure of Bank to exercise any right or remedy hereunder shall not be construed as a waiver of the right to exercise the same or any other right or remedy at any other time.

All notices to be given by either party to the other hereunder shall be in writing and shall be sent by postpaid registered mail, return receipt requested and shall be effective upon receipt. Any such notice by Maker to Bank shall be addressed to:

First Eastern Bank, N.A.
Lackawanna and Washington Avenue
Scranton, Pennsylvania 18503
Attention: Pete Roberts

or to such other address and person as Bank may specify in a written notice to Maker. Any such notice by Bank to the Maker shall be addressed to:

Northeastern Pennsylvania Sports
Development Corporation, Inc.
1151 Oak Street
Pittston, Pennsylvania 18740
Attention: President

with a copy to the Lackawanna County addressed to:

County of Lackawanna
Lackawanna County Administration Bldg.
200 Adams Avenue
Scranton, Pennsylvania 18503
Attention: Administrative Director

and a copy to Luzerne County addressed to:

County of Luzerne
Luzerne County Courthouse
Wilkes-Barre, Pennsylvania 18701
Attention: County Clerk

or to such other address and person as the Maker or either County may specify in a written notice to Bank.

Maker intends this to be a sealed instrument and to be legally bound hereby.

Presentment, demand and protest are hereby waived by Maker.

All issues arising hereunder shall be governed by the laws of Pennsylvania or any political subdivision thereof, other than Maker, nor shall said Commonwealth or any political subdivision thereof, other than Maker, be liable for payment of principal or interest hereon, except as provided herein. Maker has no taxing power.

IN WITNESS WHEREOF, the Maker has caused this instrument to be executed on its behalf by its duly authorized officer.


COUNTY OF LACKAWANNA


RAY A. ALBERIGI


JOSEPH J. CORCORAN

CHARLES LUGER

ATTEST:


GERALD L. STANVITCH,
ADMINISTRATIVE DIRECTOR