

**ORDINANCE #73**

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 FIRST READING - November 13, 1991  
 SECOND READING - November 22, 1991  
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**AUTHORIZING AND DIRECTING THE INCURRENCE OF NONELECTORAL DEBT THROUGH THE ISSUANCE OF THE COUNTY OF LACKAWANNA GENERAL OBLIGATION BONDS - SERIES OF 1991 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$15,230,000 PURSUANT TO THE ACT OF THE COMMONWEALTH OF PENNSYLVANIA, APPROVED APRIL 28, 1978, ACT NO. 52, AS AMENDED AND SUPPLEMENTED FOR AND TOWARD A PROJECT CONSISTING OF THE ACQUISITION OF RECREATIONAL FACILITIES USED AND TO BE USED AS A PUBLIC SKI AREA AND SUMMER RECREATION PLACE AND THE EXPENSE OF ISSUING THE BONDS; ESTIMATING THE USEFUL LIFE OF THE PROJECT FOR WHICH SUCH BONDS ARE BEING ISSUED; DETERMINING THAT SAID BONDS SHALL BE SOLD AT PRIVATE SALE; DETERMINING THAT SUCH DEBT SHALL BE NONELECTORAL DEBT OF THIS COUNTY; ACCEPTING A BID FOR PURCHASE OF SAID BONDS AT PRIVATE SALE AND AWARDING SAID BONDS AND SETTING FORTH RELATED PROVISIONS; PROVIDING THAT SAID BONDS, WHEN ISSUED, SHALL BE GENERAL OBLIGATION BONDS OF THIS COUNTY; FIXING THE SUBSTANTIAL FORM, DENOMINATIONS, DATE, MATURITY DATES, INTEREST RATES, INTEREST PAYMENT DATES, REGISTRATION PROVISIONS, PLACE OF PAYMENT OF PRINCIPAL AND INTEREST AND REDEMPTION PROVISIONS OF SAID BONDS, AS WELL AS THE FORM OF PAYING AGENT'S CERTIFICATE AND FORM OF ASSIGNMENT AND TRANSFER; AUTHORIZING EXECUTION, ATTESTATION AND AUTHENTICATION OF SAID BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SAID BONDS AS REQUIRED BY SUCH ACT AND THE PENNSYLVANIA CONSTITUTION AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS COUNTY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SAID BONDS AS REQUIRED BY SUCH ACT; APPOINTING A PAYING AGENT, BOND REGISTRAR AND A SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT OF ALL OBLIGATIONS OF SAID BONDS WHEN DUE; AUTHORIZING AND DIRECTING APPROPRIATE AND SPECIFIED OFFICERS OF THIS COUNTY TO PREPARE, EXECUTE, VERIFY AND FILE, AS APPROPRIATE, THE DEBT STATEMENT, THE BORROWING BASE CERTIFICATE TO BE APPENDED TO THE DEBT STATEMENT, APPLICATION FOR EXCLUSION OF SEL-LIQUIDATING DEBT, IF DEEMED APPROPRIATE, AND A TRANSCRIPT AND APPLICATION FOR APPROVAL OF THE DEPARTMENT OF COMMUNITY AFFAIRS AS REQUIRED BY SUCH ACT; AUTHORIZING AND DIRECTING APPROPRIATE OFFICERS OF THIS COUNTY TO DO AND PERFORM CERTAIN OTHER SPECIFIED, REQUIRED OR APPROPRIATE ACTS AND THINGS; SETTING FORTH THAT SAID BONDS HAVE BEEN SOLD AT PRIVATE SALE; DECLARING THAT THE DEBT TO BE INCURRED IS WITHIN THE LIMITATION IMPOSED BY SUCH ACT UPON THE INCURRING OF SUCH DEBT BY THIS COUNTY; PROVIDING FOR THE COUNTY'S COVENANTS AS TO CERTAIN FEDERAL TAX MATTERS; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH.**

**WHEREAS, The County of Lackawanna, Pennsylvania (the "County"), is a municipality existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a Local Government Unit, as defined in the Local Government Unit Debt Act, Act. No. 52 of 1978, approved April 28, 1978, as amended and supplemented, of the Commonwealth (the "Act"); and**

**WHEREAS, The Board of Commissioners of the County (the "Board of Commissioners") desires to incur debt in the amount of Fifteen Million Two Hundred Thirty Thousand Dollars (\$15,230,000), without the assent of the electors and to issue general obligation bonds (the "Bonds") in evidence of such debt, for the purpose of providing funds to be used, together with interest to be earned thereon and other available funds, toward the payment of the costs of (1) the acquisition of recreational facilities used, and to be used, as a public ski area and summer recreation place, known as "Montage", including all necessary lifts, equipment, buildings and structures and associated recreational facilities (the "Project"); and (2) the payment of the costs of issuing the Bonds; and**

**WHEREAS**, such incurrence of authorized debt by the County, will not, when aggregated with the existing net nonelectoral debt of the County, result in a violation of the limitations of the Constitution of the Commonwealth or of the Act; and

**WHEREAS**, the Board of Commissioners has determined that it is desirable and in the best interests of the County to sell the Bonds at private negotiated sale, as authorized by Section 701(a) of the Act; and

**WHEREAS**, the County has invited PNC Securities Corp. and Legg Mason Wood Walker, Incorporated (the "Purchasers") to make a proposal with respect to the purchase of the Bonds at such private negotiated sale; and

**WHEREAS**, the Board of Commissioners has received a negotiated proposal from the Purchasers (the "Bond Purchase Agreement") for the purchase of the Bonds specifying a purchase price of the Bonds of 98.6% of par or \$14,893,267.40 plus accrued interest from the date of the Bonds to the date of delivery of the Bonds assuming a settlement date of December 16, 1991, which was read aloud at the meeting; and

**WHEREAS**, the Board of Commissioners deems it in the best interests of the County that the aforesaid proposal to purchase the Bonds be accepted; and

**WHEREAS**, to reduce interest costs and to secure the payment of the principal of and interest on the Bonds for the benefit of the purchasers thereof, the County will acquire a municipal bond insurance policy from Financial Guaranty Insurance Company (the "Bond Insurer") guaranteeing the prompt payment of the principal of and interest on the Bonds when and as due; and

**WHEREAS**, the Board of Commissioners determines that it is necessary and desirable to appoint Third National Bank & Trust Company, Scranton, Pennsylvania, a bank and trust company lawfully conducting a banking and trust business in the Commonwealth, as a sinking fund depository, and as registrar and paying agent for the Bonds (the "Paying Agent").

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED** by the Board of Commissioners of this County as follows:

**Section 1.A.** The Board of Commissioners of this County does authorize and direct the issuance of a series of general obligation bonds of this County, pursuant to this Ordinance, in the aggregate principal amount of Fifteen Million Two Hundred Thirty Thousand Dollars (\$15,230,000) to be designated generally as "General Obligation Bonds - Series of 1991", in accordance with the Act, to provide funds for and toward the Project consisting of (1) the acquisition of recreational facilities used, and to be used, as a public ski area and summer recreation place, known as "Montage", including all necessary lifts, equipment, buildings and structures and associated recreational facilities; and (2) the payment of the costs and expenses of issuance of the Bonds.

**B.** On the date of issuance of the Bonds the County shall furnish to the Paying Agent a certificate (signed by authorized officers of the County) setting forth:

- (1) the amount of proceeds to be received by the County from the sale of the Bonds;
- (2) the amount of any accrued interest received on the sale of the Bonds; and
- (3) the amounts presently payable or to be reserved for payment of the costs and expenses of issuance of the Bonds.

**C.** The proceeds of the sale of the Bonds shall be paid over to the County and shall be held and disbursed in compliance with the provisions hereof.

**Section 2.** The Board of Commissioners of this County determines that the debt, of which the Bonds shall be evidence, to be incurred pursuant to this Ordinance, shall be nonelectoral debt of this County.

**Section 3.** The realistic estimated useful life of the Project is longer than the period during which the Bonds are to be outstanding.

**Section 4.** The Bonds, when issued, will be general obligation bonds of this County.

**Section 5.** The Bonds shall be issued in fully registered form, without coupons, shall be in the denomination of \$5,000 each or whole multiples thereof, shall be dated as of December 1, 1991, and shall bear interest from December 1, 1991, at the rates per annum set forth in Section 6 hereof, payable semiannually on June 1 and December 1 in each year (each an "Interest Payment Date"), commencing June 1, 1992, until payment of the principal sum has been made or provided for upon redemption or at maturity.

**Section 6.** The rates of interest, aggregate principal amount and maturity dates of the Bonds shall be as follows:

<u>Year of Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1992	\$435,000	4.25%
1993	455,000	4.50%
1994	475,000	4.75%
1995	500,000	5.00%
1996	525,000	5.15%
1997	550,000	5.40%
1998	580,000	5.60%
1999	610,000	5.80%
2000	645,000	6.00%
2001	685,000	6.10%
2002	725,000	6.20%
2003	775,000	6.30%
2004	820,000	6.40%
2005	875,000	6.50%
2006	930,000	6.60%
2011	5,645,000	6.50%

**Section 7.A. Mandatory Redemption.** Bonds maturing on December 1, 2011 (hereafter the "Term Bonds") are subject to mandatory redemption prior to maturity, in amounts required by Section 15 hereof, on December 1, of each year, beginning December 1, 2007, to and including December 1, 2011, as drawn by lot by the Paying Agent. Prior to selection within a maturity by lot, the Paying Agent is authorized to accept tenders for the purchase of Term Bonds out of the moneys on deposit in the Sinking Fund (hereafter defined), as more fully set forth in Section 15 below, at prices not exceeding 100% of the principal amount and interest accrued to the date of purchase. The principal amount of Term Bonds shall be reduced by the amount of Term Bonds which the Paying Agent shall have purchased or contracted to purchase. Such redemptions shall be in such principal amounts and upon such dates as shown below:

**Term Bonds due December 1, 2011**

<u>December 1 of Year</u>	<u>Amount</u>
2007	\$ 990,000
2008	1,055,000
2009	1,125,000
2010	1,200,000
2011	1,275,000

Any such redemption shall be upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption. In the event any Bonds are in a denomination greater than \$5,000, a portion of such Bonds shall be redeemed only in the principal amount of \$5,000 or any whole multiple thereof.

**B. Optional Redemption.** Bonds maturing on December 1, 2002 and thereafter are subject to redemption prior to maturity, at the option of this County, from time to time, as a whole, or in part, on December 1, 2001, or on any date thereafter in any order of maturity. If less than all Bonds of any one maturity are to be redeemed, such Bonds shall be drawn by lot by the Paying Agent. In the event any Bonds are in a denomination greater than \$5,000, a portion of such Bonds shall be redeemed in the principal amount of \$5,000 or any whole multiple thereof. Any such redemption shall be upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption.

If at the time of publication of notice of such redemption in the manner provided in the Bonds the County shall not yet have deposited with the Paying Agent moneys sufficient to redeem all such Bonds so called for redemption, such notice shall state that redemption is conditioned upon the deposit with the Paying Agent not later than the date specified for redemption of sufficient moneys for the purpose and such notice shall be of no effect unless such moneys are so deposited.

If, whenever the Paying Agent shall be required by this Ordinance to redeem Bonds as described in Section 7.A. or the Board of Commissioners shall determine to exercise its option to redeem, on the same date, any Bonds as set forth in Section 7.B. together with accrued interest to the date fixed for redemption, as permitted herein, the Paying Agent, as necessary and appropriate, shall draw by lot the Bonds to be redeemed in the following order to the extent appropriate: (1) first, the Bonds in the amounts required by the Ordinance as described in Section 7.A.; and (2) second,

Bonds to be redeemed in accordance with Section 7.B., together with accrued interest to the date fixed for redemption.

Notice of any redemption shall be published once in a newspaper of general circulation in The County of Lackawanna, Pennsylvania, at least thirty days before the redemption date. Notice of redemption shall be mailed, first class mail postage prepaid, by the Paying Agent to each registered owner of the Bonds to the address of such registered owner as it appears in the registration books maintained by the Paying Agent; provided, however, that failure to give notice of redemption by mailing such notice to the registered owner of any Bond shall not affect the validity of any proceedings for the redemption of the Bonds. Such notice shall specify: (1) the series, maturities and numbers of Bonds to be redeemed (if less than all then outstanding); (2) the date fixed for redemption; (3) the redemption price or prices applicable to the Bonds to be redeemed; (4) that on the date fixed for redemption such bonds will be payable at the principal corporate trust office of the Paying Agent and that after such date interest thereon shall cease to accrue; (5) if part thereof is to be redeemed as a mandatory redemption at the principal amount thereof, together with accrued interest to the date fixed for redemption and a part thereof is to be redeemed, on the same date, as an Optional Redemption at the principal amount thereof, together with accrued interest to the date fixed for redemption, said notice shall specify the numbers of the Bonds to be redeemed at the principal amount thereof, together with accrued interest to the date fixed for redemption as a mandatory redemption and the numbers of the Bonds to be redeemed at the principal amount thereof, together with accrued interest to the date fixed for redemption as an optional redemption; and (6) if at the time of publication of a notice of redemption of Bonds as an optional redemption at the principal amount thereof together with accrued interest as aforesaid, the County shall not yet have deposited with the Paying Agent moneys sufficient to redeem all such Bonds so called for redemption, such notice shall state that redemption is conditioned upon the deposit with the Paying Agent not later than the date specified for redemption of sufficient moneys for the purpose and such notice shall be of no effect unless such moneys are so deposited.

If a Bond in a denomination in excess of \$5,000 is partially redeemed then, upon surrender thereof to the Paying Agent, there shall be issued to the registered owner thereof, without charge therefor, a fully registered Bond or Bonds for the unredeemed balance of such partially redeemed Bond, of like series, designation, maturity date, interest rate and in any authorized denomination.

On the date designated for redemption, notice having been published as aforesaid and moneys for payment of the principal of, premium, if any, and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and 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 or portions thereof, except to receive payment of the principal of, premium, if any, and accrued interest on such Bonds or portions thereof to the date fixed for redemption.

**Section 8.** The Bonds shall be executed in the name of and in behalf of this County by the facsimile signature of the Chairman of the Board of Commissioners, the County Controller and the County Treasurer and a facsimile of the official seal of this County shall be affixed thereunto and duly attested by the facsimile signature of the Administrative Director of the County; and said officers are authorized to execute and to attest, as applicable, the Bonds. No bond shall be valid or enforceable unless such Bond has been authenticated by the certificate endorsed thereon, manually signed by an officer of the Paying Agent appointed in Section 12 of this Ordinance.

**Section 9.** The principal of and interest on the Bonds shall be payable to the registered owner at the principal corporate trust office of the Paying Agent, hereinafter appointed, in the City of Scranton, Pennsylvania, as Paying Agent, or the corporate trust office of any successor Paying Agent appointed by the County pursuant to the Act, in lawful moneys of the United States of America.

Payment of the interest due on the Bonds shall be paid to the registered owners thereof by check drawn on the Paying Agent designated in the Bonds dispatched to the registered owners thereof as they appear on the bond register maintained by such Paying Agent, as bond registrar, at the close of business on the fifteenth day of the calendar month immediately preceding the Interest Payment Date (whether or not a business day), respectively, as applicable, in each year (the "Record Date"), irrespective of any transfer or exchange of the Bonds subsequent to the applicable Record Date. In the event this County shall default in the payment of interest due on the Bonds at the time the same is due and payable, such defaulted interest will be payable to the registered owners thereof by check or draft drawn on such Paying Agent mailed to the registered owners at their addresses as they appear on the bond register maintained by such Paying Agent, as bond registrar, at the close of business on a special record date (the "Special Record Date"), established by such Paying Agent, notice of which shall be mailed by first class mail by such Paying Agent to the registered owners thereof not less than fifteen (15) days preceding the Special Record Date. Such notice shall be mailed to the registered owners shown on the aforesaid bond register maintained by such Paying Agent at the close of business on the fifth (5th) business day preceding the date of mailing.

**Section 10.** The form of Bond, the form of Paying Agent's certificate of authentication, the endorsement and the form of instrument of transfer of the Bonds shall be substantially as follows, with appropriate insertions, omissions and variations:

[FORM OF BOND]

Registered No. \_\_\_\_\_

\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF LACKAWANNA  
GENERAL OBLIGATION BOND - SERIES OF 1991**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Dated Date of Series</b>	<b>Cusip Number</b>
_____	December 1	December 1, 1991	_____

Registered Owner:

Principal Sum:

The County of Lackawanna, Pennsylvania (the "County"), a political subdivision and body corporate existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself indebted and promises to pay to the registered owner of this General Obligation Bond - Series of 1991 (the "Bond"), on the above stated maturity date, unless this Bond shall be redeemable and duly shall have been called for previous redemption and payment of the redemption price shall have been made or provided for, the above stated Principal Sum, and to pay interest thereon at the above stated annual rate of interest, from the Interest Payment Date (hereinafter defined) next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or unless this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the succeeding Interest Payment Date, in which event this Bond shall bear interest from such succeeding Interest Payment Date, such interest to be payable semiannually on the first day of June and December in each year (each an "Interest Payment Date") commencing June 1, 1992, on June 1 or December 1 next succeeding the date this Bond is registered and authenticated, and continuing until maturity hereof or, if this Bond shall be redeemable and payment of the redemption price shall have been made or provided for, until the date fixed for redemption hereof.

The principal of and premium, if any, on this Bond is payable to the registered owner hereof in lawful moneys of the United States of America upon presentation hereof at the principal corporate trust office of Third National Bank & Trust Company (the "Paying Agent") which term shall include any duly appointed alternate or successor paying agent) in the City of Scranton, Pennsylvania, or at the duly designated office of any alternate or successor paying agent. Payment of the interest due hereon shall be paid to the registered owner hereof as shall appear on the bond register maintained by the Paying Agent, as bond registrar, at the close of business on the fifteenth day of the calendar month immediately preceding the Interest Payment Date (whether or not a business day), respectively, in each year (the "Record Date") irrespective of any transfer or exchange of this Bond subsequent to the applicable Record Date, by check drawn on the Paying Agent mailed to the registered owner at his address as it appears on the bond register maintained by the Paying Agent, as bond registrar. In the event the County shall default in the payment of interest due hereon at the time the same is due and payable, such defaulted interest will be payable to the registered owner hereof in the manner described above dispatched to the registered owner as shall appear on the bond register maintained by the Paying Agent, as bond registrar, at the close of business on a special record date (the "Special Record Date"), established by the Paying Agent, notice of which shall be mailed by the Paying Agent to the registered owner hereof not less than 15 days preceding the Special Record Date. Such notice shall be mailed to the registered owner shown on the aforesaid bond register maintained by the Paying Agent at the close of business on the fifth business day preceding the date of mailing.

This Bond is one of a series of bonds of the County, known generally as "General Obligation Bonds - Series of 1991" all of like tenor, except as to dates of maturity, denominations, rates of interest and provisions for redemption, in the aggregate principal amount of \$15,230,000 (the "Bonds").

The Bonds are issued in accordance with provisions of the Act of the General Assembly of the Commonwealth, approved April 28, 1978, Act. No. 52, as amended and supplemented, known as the Local Government Unit Debt Act (the "Act"), and by virtue of a duly adopted Ordinance (the "Ordinance") of the Board of Commissioners of the County. The Act, as such shall have been in

effect when the Bonds were authorized, and the Ordinance shall constitute a contract between the County and the registered owners, from time to time, of the Bonds.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULL SET FORTH AT THIS PLACE.

This Bond shall not be valid or enforceable until this Bond shall have been duly authenticated by the Certificate of Authentication endorsed hereon signed by a duly authorized officer of the Paying Agent.

IN WITNESS WHEREOF, The County of Lackawanna, Commonwealth of Pennsylvania, as provided by the Act and in the Ordinance, has caused this Bond to be executed in its name and in its behalf by the facsimile signature of the Chairman of its Board of County Commissioners, the County Controller and the County Treasurer, and a facsimile of the official seal of the County to be affixed hereunto and the facsimile signature of its Administrative Director to be affixed hereunto in attestation thereof, all as of the first day of December, 1991, and to be authenticated and delivered as of the date of registration and authentication stated below.

ATTEST:

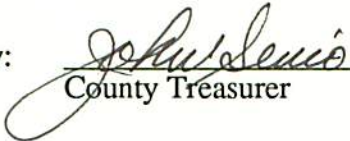
THE COUNTY OF LACKAWANNA

  
Administrative Director

By:   
Chairman of Board of  
County Commissioners

[SEAL]

By: \_\_\_\_\_  
County Controller

By:   
County Treasurer

[FORM OF CERTIFICATE OF AUTHENTICATION]

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

This Bond is one of the General Obligation Bonds - Series of 1991 described in the Ordinance referred to in this Bond and the Opinion of Montgomery, McCracken, Walker & Rhoads, Philadelphia, Pennsylvania, printed on the reverse side hereof, is a true and correct copy of an original Opinion which was signed and dated as of the date of initial delivery hereof and is on file at our principal office where the same may be inspected.

THIRD NATIONAL BANK & TRUST COMPANY  
Paying Agent

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication:

[BACK OF FORM OF BOND]

**COMMONWEALTH OF PENNSYLVANIA  
THE COUNTY OF LACKAWANNA  
GENERAL OBLIGATION BOND - SERIES OF 1991**

OPTIONAL REDEMPTION

Bonds maturing on December 1, 2002 and thereafter are subject to redemption prior to maturity, at the option of the County, from time to time, in whole or in part, on December 1, \_\_\_\_\_, or on any date thereafter (hereafter "Optional Redemption") in any order of maturity. If less than all

Bonds of any one maturity are to be redeemed, such Bonds shall be drawn by lot by the Paying Agent. In the event any Bonds are in a denomination greater than \$5,000, a portion of such Bonds shall be redeemed only in the principal amount of \$5,000 or any whole multiple thereof. Any such redemption shall be upon payment of the principal amount thereof together with accrued interest to the date fixed for redemption.

### **MANDATORY REDEMPTION**

Bonds maturing on December 1, 2011 (herein the "Term Bonds"), are subject to mandatory redemption in principal amounts required by the Ordinance upon payment of the redemption price in an amount equal to the principal amount thereof, plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts set forth below:

#### **Term Bonds due December 1, 2011**

<b><u>December 1 of Year</u></b>	<b><u>Amount</u></b>
2007	\$ 990,000
2008	1,055,000
2009	1,125,000
2010	1,200,000
2011	1,275,000

Any such redemption shall be by application of moneys available for the purpose in the sinking fund created under the Ordinance and shall be upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption, and shall be effected upon terms and conditions set forth herein and in the Ordinance. In the event any such Bonds are in a denomination greater than \$5,000, a portion of such Bonds may be redeemed only in the principal amount of \$5,000 or any whole multiple thereof.

If, whenever the Paying Agent shall be required by the Ordinance to redeem Term Bonds, the Board of County Commissioners shall determine to redeem as an Optional Redemption, on the same date, any Bonds as permitted herein, the Paying Agent, as necessary and appropriate, shall draw by lot the Bonds to be redeemed in the following order, to the extent appropriate: (1) First, the Term Bonds in the amounts required by the Ordinance; and (2) Second, Bonds to be redeemed as an Optional Redemption upon payment of the principal amount thereof together with accrued interest to the date fixed for redemption.

Notice of any such redemption shall be published once in a newspaper of general circulation in The County of Lackawanna, Pennsylvania, at least thirty days before the redemption date. Notice of redemption shall be mailed, first class mail, by the Paying Agent to each registered owner of the Bonds to the address of such registered owner as it appears in the registration books maintained by the Paying Agent; provided, however, that failure to give notice of redemption by mailing such notice to the registered owner of any Bond shall not affect the validity of any proceedings for the redemption of the Bonds. Such notice shall specify: (1) the series, maturities and numbers of Bonds to be redeemed (if less than all then outstanding); (2) the date fixed for redemption; (3) the redemption price or prices applicable to the Bonds to be redeemed; (4) that on the date fixed for redemption such bonds will be payable at the principal corporate trust office of the Paying Agent, Third National Bank & Trust Company, Scranton, Pennsylvania, and that after such date interest thereon shall cease to accrue; (5) if part thereof are to be redeemed at the principal amount thereof, together with accrued interest to the date fixed for redemption and a part thereof are to be redeemed, on the same date, as an Optional Redemption, together with accrued interest to the date fixed for redemption, said notice shall specify the numbers of the Bonds to be redeemed at the principal amount thereof, together with accrued interest to the date fixed for redemption and the numbers of the Bonds to be redeemed at the redemption price, together with accrued interest to the date fixed for redemption; and (6) if at the time of publication of a notice of redemption of Bonds as an Optional Redemption at the redemption price together with accrued interest as aforesaid, the County shall not yet have deposited with the Paying Agent moneys sufficient to redeem all such Bonds so called for redemption, such notice shall state that redemption is conditioned upon the deposit with the Paying Agent not later than the date specified for redemption of sufficient moneys for the purpose and such notice shall be of no effect unless such moneys are so deposited.

If a Bond in a denomination in excess of \$5,000 is partially redeemed then, upon surrender thereof to the Paying Agent, there shall be issued to the registered owner thereof, without charge therefor, a fully registered Bond or Bonds for the unredeemed balance of such partially redeemed Bond, of like series, designation, maturity date, interest rate and in any authorized denomination.

On the date designated for redemption, notice having been published as aforesaid and moneys for payment of the principal of, premium, if any, and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Ordinance authorizing issuance of the Bonds and registered owners of such Bonds shall have no rights with

respect to such Bonds or portions thereof, except to receive payment of the principal of, premium, if any, and accrued interest on such Bonds or portions thereof to the date fixed for redemption.

It hereby is certified that: (1) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond or in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (2) the debt represented by this Bond, together with any other indebtedness of the County, is not in excess of any limitation imposed by the Act upon the incurring of debt by the County. The County has covenanted, in the Ordinance, with registered owners, from time to time, of the Bonds which shall be outstanding, from time to time, pursuant to the Ordinance, that the County, as appropriate, shall include the amount of the debt service, for each fiscal year of the County in which sums are payable, in its budget for that fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated herein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the County has and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the County shall be enforceable specifically. The County, in the Ordinance, has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal of and the interest on the Bonds shall be deposited not later than the date fixed for disbursement thereof. The County has covenanted in the Ordinance to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such annual amounts as shall be sufficient for prompt and full payment of all obligations of this Bond.

This Bond shall be transferable and exchangeable at the principal corporate trust office of Third National Bank & Trust Company, Scranton, Pennsylvania, by the registered owner hereof in person or by the registered owner's duly authorized attorney at the designated office of the Paying Agent, upon surrender hereof, together with a written instrument of transfer duly executed by the registered owner hereof or the registered owner's duly authorized attorney, and thereupon the Paying Agent shall issue in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount and series, designation, maturity date and interest rate as the surrendered Bond. The County and the Paying Agent may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The County and the Paying Agent shall not be required to: (1) issue, transfer, or exchange any Bonds during the period beginning at the opening of business on any Record Date for interest payments and ending at the close of business on such interest payment date; or (2) issue, transfer, or exchange, any Bonds during a period beginning at the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the date the notice of redemption shall be published; or (3) issue, transfer, or exchange, any Bonds during the period beginning at the opening of business on the first business day next succeeding the business day the Paying Agent determines the registered owners of Bonds to receive notice of any Special Record Date and the close of business on the Special Record Date; or (4) issue, transfer, or exchange, any Bonds selected or called for redemption.

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

[FORM OF INSTRUMENT OF TRANSFER]

ASSIGNMENT AND TRANSFER

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

Please Insert Social Security or Tax  
Identification Number of Assignee(s)

\_\_\_\_\_

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney, to transfer said Bonds on the books kept for registration thereof, with full power of substitution in the premises.



Dated: \_\_\_\_\_

**NOTICE:** The signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

[FORM OF STATEMENT OF INSURANCE]  
STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to The County of Lackawanna, Pennsylvania, General Obligation Bonds, Series of 1991 (the "Bonds"), such policy being on file at the principal office of Third National Bank & Trust Company as paying agent (the "Paying Agent").

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, but not any earlier date on which the payment of principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

**FINANCIAL GUARANTY INSURANCE COMPANY**

**Section 11.** Until Bonds in definitive form are ready for delivery, the proper officers of the County may execute, and upon their request in writing, the Paying Agent shall authenticate and deliver in lieu of the Bonds in definitive form and subject to the same provisions, limitations and conditions, one or more printed or typewritten bonds in temporary form, substantially of the tenor of the Bonds herein before described in fully registered form, without coupons and with appropriate omissions, variations and insertions. Such bond or bonds in temporary form may be for the principal amount of Five Thousand Dollars (\$5,000) or any whole multiple or multiples thereof, as such officers may determine. The aforesaid officers, without unnecessary delay, shall cause Bonds in definitive form to be prepared, executed and delivered to said Paying Agent, and thereupon, upon presentation and surrender of the bond or bonds in temporary form, said Paying Agent shall authenticate and deliver, in exchange therefor, Bonds in definitive form in authorized denominations for the same aggregate principal amount and bearing interest at the same rate per annum as the bond or bonds in temporary form surrendered. Such exchange shall be made by the County at its own expense and without any charge therefor to the holders thereof. When and as interest is paid upon the bond or bonds in temporary form, the fact of such payment shall be endorsed thereon. Until so exchanged, the temporary bond or bonds shall be in full force and effect according to its or their terms.

**Section 12.** The Board of Commissioners determines that it is necessary and desirable and in the best interest of the County to appoint a financial institution to act as payment agent and registrar for the Bonds to insure adequate record keeping to identify the holders of the Bonds and to direct payment of interest or principal or both to such holders, and to deliver all notices to such holders. Third National Bank & Trust Company, Scranton, Pennsylvania, is hereby appointed as the Paying Agent, Sinking Fund Depository and Bond Registrar. The Paying Agent, by a duly

authorized officer, hereby is authorized and requested, upon written order of the Chairman of the Board of Commissioners of this County or other authorized officer, to authenticate the Bonds by execution of the Certification of Authentication endorsed on the Bonds and deliver them to the purchaser thereof designated in the order.

**Section 13.** The Board of Commissioners of this County accepts the proposal dated the date hereof of PNC Securities Corp. and Legg Mason Wood Walker, Incorporated, as the Purchasers, to purchase the Bonds at the private negotiated sale at the price and in accordance with the other terms and conditions contained in such proposal. This Board of Commissioners hereby finds that such private negotiated sale is in the best interests of the County and the Bonds are hereby awarded to the Purchasers in accordance with terms and conditions of its proposed Purchase Contract, in substantially the form attached hereto. As set forth in the proposed Purchase Contract, the Bonds are purchased at a price of \$14,893,267.40 (98.6% of the principal amount thereof), together with accrued interest from the date of the Bonds to the date of delivery of the Bonds, assuming a settlement date of December 16, 1991, the Purchasers having submitted such Purchase Contract in accordance with provisions of the Act. Said acceptance and award, however, is conditioned upon all parts of this Ordinance becoming effective and the Department of Community Affairs of the Commonwealth of Pennsylvania approving the incurrence of the debt to be evidenced by the Bonds. The proper officers of the County are hereby authorized to endorse the acceptance of the County upon such Purchase Contract, to deliver a copy, as so endorsed, to the Purchasers and to cause a copy of such Purchase Contract to be attached to this Ordinance.

The Chairman of the Board of Commissioners and the Treasurer of the County and their respective successors are further authorized and directed to deliver the Bonds to the Purchasers upon fulfillment of the aforementioned conditions and receipt of the purchase price payable under such proposal and in connection therewith, the proper officials of the County are hereby authorized to execute the necessary affidavits and all such other papers, including the preliminary official statement and official statement of the County and a certificate of conformance with the requirements of Regulation 15c2-12 of the Rules and Regulations of the Securities and Exchange Commission and such other matters as necessary or desirable, to purchase a municipal insurance policy from the Bond Insurer to enhance the rating of the Bonds and provide debt service savings to the County, to pay the costs of issuing the Bonds and otherwise take such other action as may be necessary or convenient to make settlement or as may be required in the issuance of the Bonds.

**Section 14.** This County covenants to and with the registered owners, from time to time, of the Bonds, pursuant to this Ordinance, that this County, as appropriate, shall include the amount of the debt service for each fiscal year of this County in which such sums are payable in its budget for that fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal of the Bonds and the applicable interest thereon on the dates and at the place and in the manner stated in the Bonds, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this County shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of this County shall be enforceable specifically.

The principal amounts of the debt service for each fiscal year of this County in which such sums are payable are set forth in Exhibit "A" attached hereto, which Exhibit "A" hereby is incorporated as though fully set forth in this Section 14.

**Section 15.** There is created, pursuant to Section 1001 of the Act, a sinking fund for the Bonds, to be known as "Sinking Fund, General Obligation Bonds - Series of 1991" (the "Sinking Fund"), which Sinking Fund shall be administered in accordance with applicable provisions of the Act and into which funds shall be deposited for prompt and full payment of all obligations of the Bonds when due.

The County, except as otherwise provided herein, shall deposit into the Sinking Fund not later than the business day (unless such deposit is other than in next day funds, in which case, three business days) next preceding each date when interest or principal is to become due on the Bonds a sufficient sum of money such that on each such payment date the Sinking Fund will contain, together with any other available funds therein, sufficient moneys to pay in full the interest and principal then due on the Bonds. The Sinking Fund shall be secured and invested by the Paying Agent, as directed by the County, in securities or deposits authorized by the Act. Said deposits and securities, together with interest thereon, shall be part of the Sinking Fund. The Paying Agent is directed to pay from the Sinking Fund the principal of and interest on the Bonds when due and payable.

For so long as any Term Bonds shall remain outstanding, the County shall deposit in the Sinking Fund, not later than the business day next preceding the dates set forth below as dates upon which a mandatory redemption must occur, the aggregate principal amount as may be required to redeem or pay upon maturity, as applicable, the following aggregate principal amounts of the applicable Term Bonds being retired on or prior to the next succeeding December 1 as hereinafter provided:

**Mandatory Redemption**  
**December 1 of the Year**

**Principal Amount**

2007	\$ 990,000
2008	1,055,000
2009	1,125,000
2010	1,200,000
2011	1,275,000

or such lesser aggregate principal amount as on the particular date shall represent all Term Bonds of the particular maturity then being retired that remain outstanding.

Moneys so deposited in the Sinking Fund, as provided in the preceding paragraph, shall be applied to the payment upon maturity and/or for redemption of the Term Bonds, as set forth above. On October 20, 2007 and on October 20 of each year thereafter so long as any Term Bonds remain outstanding or as soon after October 20 as shall suit the convenience of the Paying Agent and shall allow sufficient time to publish and mail the notice of redemption, the Paying Agent shall draw by lot (except in the year 2011 when the Term Bonds then outstanding, if any, will mature by their express terms on the following December 1) for redemption on the following December 1 such principal amount of Term Bonds of the particular maturity then being retired as shall represent the difference between the aggregate principal amount of Term Bonds fixed for redemption on or prior to the following December 1 in accordance with the schedule set forth in the preceding paragraph and the principal amount thereof which the Paying Agent shall have purchased during the immediately preceding period, as above provided.

Upon selection by lot of the particular Term Bonds to be redeemed, as above provided, the Paying Agent shall advertise, in the name of this County such Term Bonds so drawn for redemption, in the manner provided in the Bonds.

This County shall pay all costs of such redemption.

**Section 16.** This County covenants to make payments out of the Sinking Fund created pursuant to Section 15 or out of any other of its revenues or funds, at such times and in the annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Bonds when due.

**Section 17.** If the County shall fail or refuse to make any required deposit in the Sinking Fund established by Section 15, and in accordance with the requirements of Section 16, of this Ordinance, or to satisfy any of the covenants contained herein, the Paying Agent may, and upon the request of the Insurer or of the Registered Owners of 25% of the principal amount of the Bonds then outstanding, upon being furnished with indemnity satisfactory to it against the expenses and possible liabilities in connection with the duties thereby accepted, shall, exercise any remedy provided in the Act or at law or in equity for the benefit of the Registered Owners of the Bonds and shall disburse all funds so collected to the person entitled to receive payments pursuant to the terms of the Bonds as provided in the Act, subject to any limitations contained in Article XII thereof. If the Paying Agent is willing at such time to serve and exercise the powers conferred upon a Trustee appointed in the manner provided in Section 1203 of the Act, subject as aforesaid, such representation shall be exclusive for the purposes therein and in the Act provided.

**Section 18.** The appropriate officers of this County, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, verify and file with the Pennsylvania Department of Community Affairs (the "Department"), a debt statement as required by Section 410 of the Act; (b) to prepare, execute and file with the Department the borrowing base certificate to be appended to the debt statement referred to in subparagraph (a) of this Section 18 and, if deemed appropriate, an application for exclusion of self-liquidating debt; (c) to prepare, execute and file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Bonds, upon issue, will be evidence, as required by Section 411 of the Act; (d) to pay or to cause to be paid to the Department all filing fees required by the Act in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

**Section 19.** It is declared that the debt to be incurred hereby is within the limitation imposed by the Act upon the incurring of such debt by this County.

**Section 20.** The County covenants with the registered owners of the Bonds that (a) no part of the proceeds of the Bonds shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause the Bonds to be "arbitrage bonds" as defined in Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or any similar statutory provision or any rule or regulation promulgated thereunder, such that the interest on the Bonds would no longer be exempt from Federal income tax and (b) it will comply with each applicable requirement of the Code to the extent required to maintain the

exemption from Federal income taxation of the interest payable on the Bonds under Section 103(a) of the Code, including without intending to limit the generality of the foregoing, compliance with its obligations, if any, to rebate arbitrage profits applicable to the Bonds, if any, under Section 148(f) of the Code. The County is authorized to comply with such procedures as may be recommended by its duly appointed bond counsel in complying with the provisions of such Section 148(f).

**Section 21.** In furtherance of the County's covenant set forth in Section 20 hereof, the County shall

- (a) keep accurate records and accounts for the facilities utilized in the Project (the "Project Records"), separate and distinct from its other records and accounts. Such Project Records shall be audited annually, which may be part of the annual audit of records and accounts of the County;
- (b) keep, or cause to be kept, accurate records of each investment it makes in "investment property", if any, acquired directly or indirectly with "gross proceeds" of the Bonds and each "expenditure" it makes with the "gross proceeds" of the Bonds. Such records shall include the purchase date or allocation date, purchase price (including any "constructive payments"), nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, amount actually or constructively received on disposition (including any "disposition receipt" or "installment date receipt"), disposition date and evidence of the fair market value of such property on the purchase date or disposition date for each item of such "investment property". For purposes of the calculation of purchase price and disposition price, brokerage or selling commissions, administrative expenses or similar expenses shall not increase the purchase price of an item and shall not reduce the amount actually or constructively received upon disposition of an item;
- (c) compute, or cause to be computed (using such consultants as it deems necessary), within thirty (30) days of the last day of the fifth and each succeeding fifth "bond year" and within thirty (30) days of the date the last Bond is discharged the "rebtable arbitrage" as of the "installment computation date" or "final computation date" attributable to any investment in "investment property" made by the County;
- (d) pay to the Internal Revenue Service (i) within sixty (60) days of the last day of the fifth and each succeeding fifth "bond year" an amount of money equal to 90% of the "rebtable arbitrage" and (ii) within sixty (60) days after the last Bond is discharged, the balance of the "rebtable arbitrage" together with interest as required by Section 148(f) of the Code; provided, however, that computations and payments may be made on other bases, at other times, and in other amounts, or omitted altogether, to the extent a nationally recognized bond counsel opines that such action will not adversely affect the exemption of interest on the Bonds from Federal income tax; and
- (e) retain records of the determinations of the amounts paid to the United States until six (6) years after the date the last Bond is discharged.

For purposes of this Section 21, quoted terms shall have the meanings given to such terms by Section 148 of the Code, including particularly Temporary Treasury Regulations Section 1.148-1T through 1.148-8T, as supplemented or amended, to the extent applicable to the Bonds, and any successor legislation or regulations applicable to the Bonds.

**Section 22.** Proper officers of this County are authorized and directed to deliver the Bonds, upon execution and attestation thereof as provided for herein, to the Purchasers, but only upon receipt of proper payment of the balance due therefor, and only after the Department has certified its approval pursuant to Section 804 of the Act or the same has been deemed to be approved as provided in Section 806 of the Act.

**Section 23.** In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this County that such remainder shall be and shall remain in full force and effect.

**Section 24.** All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

**Section 25.** This Ordinance shall become effective in accordance with Section 103 of the Act.

**ENACTED AND ORDAINED** this 22nd day of November, 1991.

## COUNTY OF LACKAWANNA

*Ray A. Alberigi*  
 RAY A. ALBERIGI  
 CHAIRMAN

ATTEST:

*Gerald L. Stanvitch*  
 GERALD L. STANVITCH  
 ADMINISTRATIVE DIRECTOR

*Joseph J. Corcoran*  
 JOSEPH J. CORCORAN  
 COMMISSIONER

[SEAL]

*John Senio*  
 JOHN SENIO  
 COMMISSIONER

## EXHIBIT A

THE COUNTY OF LACKAWANNA  
 \$15,230,000  
 GENERAL OBLIGATION BONDS - SERIES OF 1991  
 DATED AS OF DECEMBER 1, 1991

## DEBT SERVICE SCHEDULE

<u>Maturity December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1992	\$435,000	4.25%
1993	455,000	4.50%
1994	475,000	4.75%
1995	500,000	5.00%
1996	525,000	5.15%
1997	550,000	5.40%
1998	580,000	5.60%
1999	610,000	5.80%
2000	645,000	6.00%
2001	685,000	6.10%
2002	725,000	6.20%
2003	775,000	6.30%
2004	820,000	6.40%
2005	875,000	6.50%
2006	930,000	6.60%
2007	990,000	6.50%
2008	1,055,000	6.50%
2009	1,125,000	6.50%
2010	1,200,000	6.50%
2011	1,275,000	6.50%