

ORDINANCE #78

FIRST READING - October 27, 1992
AMENDED ORDINANCE - November 10, 1992
SECOND READING - November 16, 1992

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

WHEREAS, the Multi-Purpose Stadium Authority of Lackawanna County (the "Authority") was organized on April 25, 1985, by the Board of County Commissioners (the "Board") of the County of Lackawanna, Pennsylvania (the "County") under provisions of the Pennsylvania Municipality Authorities Act of 1945, P.L. 382, as amended; and

WHEREAS, the Authority intends to undertake as a project (the "Project") the issuance of its Guaranteed Stadium Revenue Bonds, Series 1992 in the aggregate principal amount of \$17,675,000 (the "1992 Bonds"); and

WHEREAS, the 1992 Bonds are to be issued under and pursuant to an Indenture of Trust, dated as of August 15, 1986, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of December 15, 1987, as further amended and supplemented by a Second Supplemental Indenture of Trust, dated as of November 15, 1992 between the Authority and Northeastern Bank of Pennsylvania, as trustee (the "Trustee"); and

WHEREAS, the proceeds derived from the issuance of the 1992 Bonds are to be applied, together with certain proceeds of the Authority's Guaranteed Stadium Revenue Bonds, Series 1986 and Series 1987 (collectively, the "Prior Issues"), to effect an advance refunding of the Prior Issues (the proceeds of which were used to design, construct, furnish and equip a multi-purpose stadium facility (the "Stadium Facility"), located in the Borough of Moosic, County of Lackawanna), including paying certain costs of issuance in connection with the Prior Issues; and

WHEREAS, payment of principal and interest on the 1992 Bonds is expected to be guaranteed by Financial Guaranty Insurance Company; and

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

WHEREAS, the County desires that the Authority issue the 1992 Bonds and apply the proceeds as aforesaid and is willing to enter into a guaranty agreement (the "1992 Guaranty Agreement") because the Project will promote the purposes of the County at less expense than would otherwise be incurred and in order to enhance the marketability of the 1992 Bonds and thereby achieve interest cost and other savings with respect to the operations of the Authority and as an inducement to the purchase of the 1992 Bonds by all who shall at any time become holders of the 1992 Bonds; and

WHEREAS, the obligation of the County under the 1992 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 to 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 1992 Guaranty Agreement hereinafter recited, to secure the payment of principal and interest on the 1992 Bonds which the Authority proposes to issue to provide funds for and toward the costs of the Project, all as more fully described in the Bond Purchase Proposal (the "Bond Purchase Proposal") of Butcher & Singer, for the purchase of the 1992 Bonds, such

proposal being dated November 12, 1992, and having been accepted that day by the Authority, and in the Official Statement approved by resolution of the Authority and by resolution of the Board of County Commissioners, adopted concurrently herewith. 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 Stadium Facility is hereby declared to be 50 years.

Section 3. The Chairman of the Board and the Administrative Director of the County, or any duly appointed successor to either thereof, as the case may be, are hereby authorized and directed to prepare, certify and file with the Department of Community Affairs, in accordance with the Debt Act, a Debt Statement required by Section 410 thereof and are further hereby authorized and directed to prepare and file any statements required by the Debt Act which are necessary to qualify that portion of the gross lease rental debt of the County securing the payment of principal and interest on the 1992 Bonds which may be excluded from such gross lease rental debt as subsidized or self-liquidating debt, for the purpose of establishing the net lease rental debt of the County and determining its debt limit, and the said Chairman and Administrative Director are hereby authorized and directed to prepare and execute a certificate stating the County's borrowing base, as that term is defined in the Debt Act, for submission to the Department of Community Affairs.

Section 4. Subject to the satisfaction of the conditions of the Bond Purchase Proposal by the Authority and the approval of the Department of Community Affairs of the authorization to incur debt, the members of the Board and the Controller and the Treasurer of the County are hereby authorized, and directed to execute, acknowledge and deliver, and the Administrative Director of the County is hereby authorized and directed to affix and attest the corporate seal of the County to a 1992 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 1992 Bonds to be issued by the Authority shall be guaranteed revenue bonds as defined in the Debt Act, to be substantially in the form approved in Exhibit B hereto, maturing, bearing interest, redeemable and payable at the place and on the dates as contained in the form of 1992 Bonds and 1992 Guaranty Agreement set forth in Exhibit A hereto.

Section 6. The 1992 Bonds shall be sold at negotiated sale to the firm hereinabove recited.

Section 7. The County intends hereby to incur lease rental debt in accordance with the Debt Act. The County covenants to and with the holders, from time to time, of the 1992 Bonds, that the County: (1) shall include the amount payable in respect of the Guaranty for each fiscal year in which such sums are payable in its budget for that fiscal year, (2) shall appropriate such amounts from its revenues for the payment of the Guaranty, and (3) shall duly and punctually pay or cause to be paid from its revenues or funds the principal of and interest on the 1992 Bonds, to the extent of its obligations as provided in the Guaranty Agreement, and, for such budgeting, appropriation and payment, the County shall and does pledge, irrevocably, its full 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 1992 Guaranty Agreement shall be in substantially the form contained in Exhibit A with such changes as are approved by counsel, the terms and provisions thereof being in all respects adopted fully herein, and the form of the 1992 Bonds shall be in substantially the form contained in Exhibit B with such changes as are approved by counsel, and such form is hereby approved.

Section 10. This Ordinance shall become effective November 26, 1992.

COUNTY GUARANTY AGREEMENT

This Agreement (the "Agreement"), made as of November 15, 1992 by and among THE COUNTY OF LACKAWANNA, a body politic of the Commonwealth of Pennsylvania, with offices at 200 Adams Avenue, Scranton, Pennsylvania (the "Guarantor"), the MULTI-PURPOSE STADIUM AUTHORITY OF LACKAWANNA COUNTY, a body politic and corporate of the Commonwealth of Pennsylvania, with offices at 200 Adams Avenue, Scranton, Pennsylvania (the "Authority") and NORTHEASTERN BANK OF PENNSYLVANIA, a banking institution organized and existing under and by virtue of the laws of the United States and having its principal corporate trust office at Penn Avenue and Spruce Street, Scranton, Pennsylvania 18501 (the "Trustee"), together with any successor at the time serving as such under the Trust Indenture hereinafter defined.

WITNESSETH:

WHEREAS, the Authority intends to undertake the issuance and sale of its Guaranteed Stadium Revenue Bonds, Series 1992 in the aggregate principal amount of \$17,675,000 (the "1992 Bonds"); and

WHEREAS, the 1992 Bonds are to be issued under the Indenture of Trust between the Authority and the Trustee dated as of August 15, 1986, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of December 15, 1987, as further amended and supplemented by a Second Supplemental Indenture of Trust, dated as of November 15, 1992 between the Authority and the Trustee (collectively, the "Trust Indenture"); and

WHEREAS, the proceeds derived from the issuance of the 1992 Bonds are to be applied, together with certain proceeds of the Authority's Guaranteed Stadium Revenue Bonds, Series 1986 and Series 1987 (collectively, the "Prior Issues"), to effect an advance refunding of the Prior Issues (the proceeds of which were used to design, construct, furnish and equip a multi-purpose stadium facility (the "Stadium Facility"), located in the Borough of Moosic, County of Lackawanna), as well as to fund certain reserves and to pay certain costs of issuance in connection with the 1992 Bonds; and

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

WHEREAS, the Guarantor desires that the Authority issue the 1992 Bonds and apply the proceeds as aforesaid and is willing to enter into this Agreement, because the Project will promote the purposes of the County at less expense than would otherwise be incurred, and in order to enhance the marketability of the 1992 Bonds and thereby achieve interest cost and other savings with respect to the operations of the Authority, and as an inducement to the purchase of the 1992 Bonds by all who shall at any time become holders of the 1992 Bonds;

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

GUARANTY

Section 1.01. In consideration of and in order to induce the purchase of the 1992 Bonds at the interest rates provided for therein, in consideration of and in order to induce the Authority to issue the 1992 Bonds and to provide the financing thereby contemplated, in consideration of the benefits which will accrue to the Guarantor as a result of the financing of the Project by the Authority, and intending to be legally bound, the Guarantor, subject to the provisions contained herein, hereby unconditionally guarantees to the Trustee for the benefit of the holders, at any time and from time to time, of the 1992 Bonds: (a) the full and prompt payment of the principal or redemption price (together with any applicable premium) of every 1992 Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration or call for redemption or otherwise, (b) the full and prompt payment of any accrued interest on every 1992 Bond when and as the same shall become due, and (c) the full and prompt payment of amounts sufficient to cause moneys and investments held in the Bond Reserve Fund to equal the Bond Reserve Fund Requirement for the 1992 Bonds. The amounts specified in subparagraphs (a), (b) and (c) above, hereinafter collectively called the "Indebtedness", shall be paid in the manner set forth in Section 1.07(c) hereof. All payments by the Guarantor shall be paid to the Trustee in lawful money of the United States of America. Each and every default in payment of the Indebtedness shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

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

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

- (b) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority under the Trust Indenture, 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 or the Trust Indenture;
- (d) the assignment, pledge, mortgaging or purported assignment of all or any part of the interest of the Authority in the Stadium Facility or any failure of title with respect to the Authority's interest in the Stadium Facility;
- (e) the waiver of the payment, performance or observance by the Authority of any of the obligations and covenants of the Authority contained in the Trust Indenture, 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;
- (h) the taking or the omission of any of the actions referred to in the aforementioned documents, including this Agreement;
- (i) any failure, omission, delay or lack on the part of the Authority or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Authority or the Trustee in the aforementioned documents, or any other act or acts on the part of the Authority, the Trustee or any of the holders from time to time of the 1992 Bonds, either directly or by or through their duly authorized representatives;
- (j) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of 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 Guarantor or the Authority or any of the assets of either of them or any allegation or contest of the validity of this Agreement in any such proceeding;
- (k) to the extent permitted by law, the release or discharge of the Guarantor from the performance or observance of any obligation, covenant, or agreement contained in this Agreement by operation of law;
- (l) the default or failure of the Guarantor fully to perform any of the obligations set forth in this Agreement; or
- (m) the damage or partial or total destruction of the Stadium Facility, or the taking of title to or the temporary use of the Stadium Facility by any lawful authority.

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

Section 1.04. Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished by the Authority for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken. The Guarantor agrees to pay all costs, expenses and fees, including, to the extent permitted by law, all reasonable attorney's fees which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 1.05. The Guarantor hereby expressly waives notice in writing or otherwise from the Trustee or the holders at any time or from time to time of any of the 1992 Bonds of their acceptance and reliance on this Agreement.

Section 1.06. This Agreement is entered into by the Guarantor for the benefit of the Trustee and the holders from time to time of the 1992 Bonds and any successor trustees and their respective successors and assigns under the Trust Indenture, all of whom shall be entitled to

enforce performance and observance of this Agreement and the guarantees and other provisions herein contained.

Section 1.07. The obligation of the Guarantor under this Agreement shall constitute a guaranty as defined in Section 102(c) (7.1) of the Pennsylvania Local Government Unit Debt Act (the "Act"), 53 P.S. § 6780-2(c) (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 1992 Bonds that it will:

(a) Include the amounts payable for the benefit of the holders of the 1992 Bonds pursuant to this Agreement in its budget for the applicable fiscal year or years of the Guarantor;

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

(c) (1) Following written notice from the Trustee on or before the seventh (7th) day preceding any Bond Payment Date, as defined in the Indenture, informing the Guarantor of the amount by which moneys on deposit in the Revenue Fund are less than the amounts due and owing to holders of the 1992 Bonds on such Bond Payment Date, duly pay or cause to be paid to the Trustee the amount of such shortfalls, in accordance with this Agreement, on or prior to the third (3rd) day preceding such Bond Payment Date.

(2) Following written notice from the Trustee that the value of moneys and investments on deposit in the Bond Reserve Fund are less than the Bond Reserve Fund Requirement because of a draw on the Bond Reserve Fund to pay debt service or after a valuation on a Valuation Date, duly pay or cause to be paid to the Trustee the amount of such shortfall not later than one year after receipt of such written notice in twelve equal monthly installments.

For the purposes of complying with the covenants of this paragraph, the Guarantor shall budget the amounts set forth in Exhibit A hereto, being the debt service payments on the 1992 Bonds, for the year in which such amounts are payable, less a credit, subject to the express approval of the Trustee, in the amount of revenues which the County expects to be received pursuant to, and as more fully set forth in, the Trust Indenture available to pay such debt service.

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

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

MISCELLANEOUS

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

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

Section 2.03. In the event of a default under the terms and provisions of the Trust Indenture, the Trustee shall nevertheless continue to enjoy all the rights and remedies provided in this Agreement.

Section 2.04. Except as provided in Section 1.02 herein, no amendment, change, modification, alteration or termination of the Trust Indenture shall be effective which would in any way increase the Guarantor's obligations under this Agreement without the prior written consent of the Guarantor first had and obtained.

Section 2.05. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when any of the 1992 Bonds shall be issued, sold and delivered by the Authority.

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

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

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

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

Section 2.10. Pursuant to Section 202.092 of the Regulations of the Pennsylvania Securities Commission (64 Pa. Code Chapter 202), Guarantor covenants to do the following while the 1992 Bonds and any Additional Bonds remain unpaid;

(i) File with the Trustee a copy of its certified balance sheet and profit and loss statement within 150 days after the completion of its fiscal year;

(ii) Pay or reimburse the Trustee for all expenses incurred by the Trustee in compliance with the obligations of the Trustee under Section 11.21 (ii) or (iii) of the Indenture; and

(iii) Notify the Trustee within twenty-four (24) hours after the Guarantor becomes insolvent. The following terms, when used in this Section 2.10, have the following meanings, unless the context clearly indicates otherwise:

(1) "Insolvent" means the inability of the Guarantor to pay debts as they fall due in the usual course of business, or having liabilities in excess of the fair market value of its assets. For purposes of this definition, the Guarantor will not be considered insolvent if the auditor's report to the Guarantor's certified balance sheet and profit and loss statement did not contain a going concern qualification.

(2) "Going concern qualification" means a qualification contained in the auditor's report based upon the criteria contained in the statement on Auditing Standard 34 promulgated by the American Institute of Certified Public Accountants, Inc.

Section 2.11. This Agreement shall be in full force and effect as of the date first above written.

EXHIBIT A

Annual Debt Service

SCHEDULE II

Annual Debt Service

<u>Date</u>	<u>Principal</u> \$	<u>Coupon</u> %	<u>Interest</u> \$	<u>Period</u> <u>Total</u> \$	<u>Fiscal</u> <u>Total</u> \$
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[FORM OF THE 1992 BONDS]PRINCIPAL AMOUNT
\$ _____NUMBER
R- _____**MULTI-PURPOSE STADIUM AUTHORITY OF LACKAWANNA COUNTY**
Guaranteed Stadium Revenue Bond - Series 1992

INTEREST RATE MATURITY DATE SERIES ISSUE DATE CUSIP

August 15, _____ November 15, 1992

REGISTERED OWNER

PRINCIPAL AMOUNT

DOLLARS

The Multi-Purpose Stadium Authority of Lackawanna County (the "Authority"), a body politic and corporate of the Commonwealth of Pennsylvania, for value received, hereby promises to pay, but only out of the revenues, rentals and moneys described in the Indenture hereinafter mentioned to _____, or registered assigns, on Maturity Date stated above, unless this bond shall have been previously called for redemption and payment of the Redemption Price shall have been duly made or provided for, upon surrender hereof, the principal sum shown above and to pay, but only out of said revenues, rentals and moneys, interest thereon from the Series Issue Date at the annual rate specified above, payable semi-annually on February 15 and August 15 in each year (each a "Regular Interest Payment Date"), commencing February 15, 1993 until maturity or prior redemption to the registered owner hereof by check or draft mailed to the registered owner at the address as it appears on the bond register, at the close of business on the first (1st) day of the calendar month of any such interest payment date, from the most recent Regular Interest Payment Date to which interest has been paid or duly provided or if no interest has been paid or provided for from the Series Issue Date.

Principal and premium, if any, are payable upon surrender of the bond at the principal corporate trust office of Northeastern Bank of Pennsylvania, Penn Avenue and Spruce Street, Scranton, Pennsylvania 18501, as trustee, or of any successor trustee appointed under the Indenture hereinafter mentioned (the "Trustee") or at the designated office of any appointed alternate or successor paying agent or agents in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

This bond is one of a duly authorized issue of \$17,675,000 principal amount of bonds of the Authority, known as "Multi-Purpose Stadium Authority of Lackawanna County Guaranteed Stadium Revenue Bonds - Series 1992" (the "Bonds" or the "1992 Bonds"), all of like tenor. The Bonds are issued under an Indenture of Trust, dated as of August 15, 1992, as amended by a First Supplemental Indenture of Trust dated as of November 15, 1992 (collectively, the "Indenture"), executed and delivered by the Authority to the Trustee, and are equally and ratably secured thereunder, except as otherwise provided in the Indenture, by a pledge and assignment to the Trustee of, and are payable from the Trust Revenues and any other moneys and property held under the Indenture by or on behalf of the Trustee (except for amounts in the Rebate Fund), including amounts, if any, payable under an agreement among the Authority, the Trustee and the County of Lackawanna, dated as of November 15, 1992 (the "County Guaranty Agreement"). The Bonds are not secured by any amounts payable under any similar guaranty agreement entered into with respect to any series of obligations issued under the Indenture other than the Bonds. Unless otherwise provided herein, all capitalized terms herein shall have the same meanings as set forth in the Indenture.

Reference is made to the Indenture, an executed copy of which is on file at the principal corporate trust office of the Trustee, for (i) a statement of the purposes for which the Bonds are issued, (ii) a description of the Trust Revenues assigned and pledged for the payment of the principal of, interest and premium, if any, on the Bonds, (iii) the provisions relating to the issuance of additional bonds under the Indenture, (iv) the terms and conditions under which the Indenture may be amended or modified, (v) a description of the duties, obligations and rights of the Authority, the Trustee and the holders of the Bonds, and (vi) the terms and conditions under which the Bonds are issued and secured, to all of which provisions the holder hereof, by acceptance of this Bond, consents.

The Indenture provides, *inter alia*, that the Bonds issued thereunder may be for various principal amounts, may bear different dates, may mature at different times, may bear interest at different rates, may differ as to security or source of payment, and may otherwise vary as permitted in the Indenture.

The Indenture prescribes the manner and the terms under which the lien of the Indenture may be discharged and also includes a provision that if, subject to certain conditions of the Indenture, the Authority deposits with, or to the satisfaction of the Trustee makes available to the Trustee funds, including, at the option of the Authority, interest or income to be earned on the deposit or investment of such funds, which funds may be either Government Obligations as defined in the Indenture or certificates of deposit fully secured by Government Obligations, which, when due, will be sufficient to pay the principal of, premium, if any, and interest on any Bonds issued under the Indenture, at maturity or on a date fixed for redemption, then interest on such Bonds shall cease to accrue on such maturity or redemption date, as applicable, such Bonds shall be deemed to be paid and, thereafter, from the date of such deposit, the holders of such Bonds shall be restricted to the funds so deposited for payment thereof, as provided in the Indenture.

Neither the credit or the taxing power of the United States, the County of Lackawanna (except as so provided in the County Guaranty Agreement) or the Commonwealth of Pennsylvania or of any political subdivision thereof is pledged for the payment of the principal of, the interest on, or the premium, if any, payable upon the redemption of this Bond; nor shall this Bond be deemed an obligation of the United States, said County (except as so provided in the County Guaranty Agreement) or Commonwealth or of any political subdivision thereof; nor shall the United States, said County (except as so provided in the County Guaranty Agreement) or Commonwealth or any political subdivision thereof be liable for the payment of such principal, interest or premium, if any. The Authority's liability on this Bond is limited to payment from the sources described in the Indenture.

The Bonds maturing on or after August 15, 2003 are subject to redemption at the option of the Authority prior to maturity, in whole or in part at any time on or after August 15, 2002, in any order of maturity and within a maturity by lot, from amounts deposited in the Bond Redemption Fund, at a Redemption Price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
August 15, 2002 to August 14, 2003	101%
August 15, 2003 to August 14, 2004	100 1/2%
August 15, 2004 to August 14, 2005	100%

The Bonds are subject to extraordinary redemption prior to maturity as a whole, or from time to time, in part, at the option of the Authority in the event of damage to, destruction of or condemnation of the Authority's property, or any part thereof, under the circumstances specified in the Indenture, from and to the extent of insurance or condemnation proceeds or other moneys that are deposited in the Bond Redemption Fund for such purposes. Any such redemption shall be made upon payment of a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption.

If less than all Outstanding Bonds of a maturity shall be called for redemption under any of the foregoing provisions, then the particular Bonds of a maturity to be so called shall be chosen by lot by the Trustee at such time as will permit the notice hereinafter provided for.

At least thirty (30) but not more than sixty (60) days prior to the redemption date of any Bonds, either in whole or in part, the Trustee shall cause a notice of any such redemption, signed by the Trustee, to be mailed, postage prepaid to each registered owner of the Bonds or portions of the Bonds to be redeemed at his address as it appears on the bond register of the Authority kept by the Trustee, as provided in the Indenture, but failure so to mail any such notice or a defect in such notice shall not affect the validity of the redemption of Bonds with respect to which notice was duly made as aforesaid. On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date, and, if moneys for payment of the Redemption Price and accrued interest are held by the Trustee, as provided in the Indenture, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Bonds or such portions thereof so called for redemption except to receive payment of the Redemption Price thereof and the accrued interest so held by the Trustee. If a fully registered Bond in a denomination in excess of \$5,000 is so redeemed, then, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, fully registered Bonds for the unredeemed balance of the principal amount of such Bond, of like series, designation, maturity and interest rate in any of the authorized denominations.

If at the time of the giving of notice of redemption, the Authority shall not have deposited with the Trustee, or the Trustee shall not have transferred under the Indenture moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee or the transfer under the Indenture of such moneys not later than the opening of business on the redemption date, and such notice shall be of

no effect unless such moneys are so deposited or transferred; provided however, that such a conditional notice may be provided only if the Bonds are subject to mandatory sinking fund redemption or are subject to an advance refunding. In all other cases, no notice may be sent unless sufficient funds have been deposited with the Trustee, or the Trustee has transferred under the Indenture moneys sufficient to pay the redemption price of all of the Bonds called for redemption.

The Authority and the Trustee may treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond or any installment of interest shall be overdue, for the purpose of receiving payment thereof and for all other purposes whatsoever, and shall not be affected by any notice to the contrary.

In case an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds of all series then Outstanding under the Indenture may be declared or may become due and payable upon the conditions and in the manner and with the effect provided in the Indenture, subject, however, to the right under certain circumstances of the holders of a majority in principal amount of such Bonds to annul such declaration.

The Authority, solely for the convenience of the Bondholders, has caused CUSIP (Committee on Uniform Security Identification Procedures) numbers to be printed on the Bonds and has directed the Trustee to use CUSIP numbers in notices of redemption. No representation is made as to the accuracy of such numbers, either as printed on the Bonds or as contained in any notice of redemption, and the Authority shall have no liability of any sort with respect thereto. Reliance with respect to redemption notices may be placed only on the identification number, prefixed "R", printed hereon.

The holder of this Bond shall have no right to enforce provisions of this Bond or the Indenture, except as provided in the Indenture.

No recourse shall be had for the payment of the principal of, or the interest or premium, if any, on this Bond or for any claim based hereon or on the Indenture or on any indenture supplemental thereto, against any member, officer or employee, past, present or future, of the Authority, or of any successor body, either directly or through the Authority or any such successor body, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of such members, officers or employees being released as a condition of and as consideration for the execution of the Indenture and the issuance of this Bond.

This Bond is transferable as provided in the Indenture by the registered owner hereof or the owner's attorney duly authorized in writing at the corporate trust office of the Trustee, upon surrender of this Bond accompanied by a duly executed instrument of transfer, in form and with guarantee of signature satisfactory to the Authority and the Trustee, and upon payment of such governmental charges or taxes as may be imposed. Upon any such transfer a new fully registered Bond or Bonds of the same series, maturity and in the same aggregate principal amount and bearing the same rate of interest will be issued to the transferee.

Neither the Authority nor the Trustee shall be required: (a) to issue, register, transfer or exchange Bonds for a period of ten business days next preceding any selection by lot of Bonds to be redeemed; or (b) to issue, register, transfer or exchange Bonds called or being called for redemption.

The Bonds are issued in the form of registered bonds without coupons in the denomination of \$5,000 each or any whole multiple thereof.

In like manner and subject to the same requirements for payment of taxes or governmental charges for the first exchange and for payment of all costs associated with subsequent exchanges, subject to the same time limitations with respect to interest payment date or dates for selection of the redemption of Bonds, Bonds upon the surrender thereof at the principal corporate trust office of the Trustee, with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Authority and the Trustee, duly executed by the registered owner or the owner's attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered bonds without coupons of other authorized denominations, of the same series, maturity and interest rate.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose unless the Trustee's Authentication Certificate printed hereon is duly executed. The 1992 Bonds are limited obligations of the Authority, payable solely from the net revenues and receipts of the Authority as defined in and derived pursuant to the Indenture. Neither the general credit nor the taxing power of the County of Lackawanna (except as so provided in the County Guaranty), the Commonwealth of Pennsylvania or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the 1992 Bonds nor shall the 1992 Bonds be or be deemed an obligation of the County of Lackawanna (except as so provided in the

County Guaranty), the Commonwealth of Pennsylvania or any political subdivision thereof. The Authority has no taxing power.

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the 1992 Bonds, such policy being on file at the principal office of the Trustee, 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 Authority 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 and does not refer to any earlier date on which the payment of principal of the 1992 Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

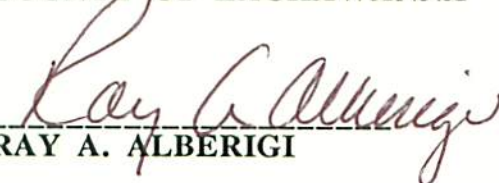
Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Authority to the Paying Agent, 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 Authority. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments or assignments 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 Authority 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.

No transfer of this Bond shall be valid unless made on the books of the Authority kept for such purpose at the principal corporate trust office of the Trustee by the registered owner in person or by his duly authorized attorney or legal representative and noted upon said books and hereon by the Trustee on behalf of the Authority.

COUNTY OF LACKAWANNA


RAY A. ALBERIGI


JOSEPH J. CORCORAN


JOHN SENIO

ATTEST:


GERALD L. STANVITCH,
ADMINISTRATIVE DIRECTOR

Approved as to form and legality:


JOSEPH A. O'BRIEN, ESQUIRE
COUNTY SOLICITOR