

ORDINANCE NO. 1

Adopted at a Special Meeting of the Lackawanna County Commissioners held on February 11, 1977.

AUTHORIZING THE INCURRING OF NONELECTORAL 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 FOR THE PURPOSE OF ESTABLISHING THE NET NONELECTORAL DEBT LIMIT; REPEALING ALL INCONSISTENT ORDINANCES OR RESOLUTIONS; AND 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 AUTHORITY BOND; CREATING A SINKING FUND; AUTHORIZING THE INCURRING OF LEASE RENTAL DEBT OR ISSUANCE OF GENERAL OBLIGATION BONDS UNDER CERTAIN CIRCUMSTANCES; AND APPROVING THE FORM OF GUARANTY.

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

WHEREAS, the Authority has undertaken as a project the refunding of its Sewer Revenue Bonds, 1970 Series and its Sewer Revenue Bonds (1970 \$100 Term Bonds) (The "Refunding"); and,

WHEREAS, the Authority plans to finance a portion of the costs of the Refunding by the issuance of its Guaranteed Sewer Revenue Refunding Bonds, 1977 Series, in the aggregate principal amount of \$18,085,000 (The "Bonds") and,

WHEREAS, the Bonds are to be issued under and pursuant to a Trust Indenture dated as of February 15, 1977 (The "Indenture") by and between the Authority and Northeastern Bank of Pennsylvania as trustee (The "Trustee"); and,

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

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

WHEREAS, the obligation of this County under the Guaranty Agreement constitutes nonelectoral debt under the Local Government Unit Debt Act, Act of July 12, 1972, No. 185 of the 1972 General Assembly of the Commonwealth of Pennsylvania, as amended (The "Debt Act"); and,

WHEREAS, said Debt Act requires certain actions as a prerequisite to incurring nonelectoral 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 nonelectoral debt in the form of the guaranty contained in the Guaranty Agreement hereinafter recited to secure the payment of principal and interest on the Bonds which the Authority proposes to issue to provide funds for and toward the costs of the Refunding, all as more fully described in a Bond Proposal (The "Bond Proposal") of Elkins, Stroud, Supplee & Co., for the purchase of \$18,085,000 Guaranteed Sewer Revenue Refunding Bonds, 1977 Series, of the Authority, said proposal being dated February 10, 1977, and accepted that day by the Authority, and in the Official Statements approved by resolution of the Authority and by resolution of the Board of County Commissioners, adopted concurrently herewith. The description of Refunding as described in the foregoing documents is hereby incorporated by reference and adopted and approved.

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

Section 3. The Chairman and Chief Clerk to the Board, 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 originally, and annually thereafter as required, with the Department of Community Affairs and the Recorder of Deeds in and for Lackawanna County, any statements required by Section 206 of the Debt Act which are necessary to qualify that portion of the gross nonelectoral debt of the County securing the payment of principal and interest on the Bonds of the Authority which may be excluded from such gross nonelectoral debt as self-liquidating debt for the purposes of establishing the net nonelectoral debt of the County and determining its debt limit, the initial filing to follow approval by subsequent Ordinance of the Report required by said Section 206.

Section 4. Subject to the satisfaction of the conditions of the Bond Proposal by the Authority and the approval of the Department of Community Affairs of the authorization to incur debt, the members of the Board are hereby authorized, and directed to execute, acknowledge and deliver, and the Chief Clerk of the Board is hereby authorized and directed to affix and attest the corporate seal of the County to a Guaranty Agreement in substantially the form contained in Section 10 hereof, 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 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 Section 10 hereof, maturing, bearing interest, redeemable and payable at the place and on the dates as contained in the form of Bond and Guaranty Agreement set forth in Section 10 hereof.

Section 6. The Bonds were sold at negotiated sale to the firm hereinabove recited.

Section 7. There is hereby created a sinking fund to be known as "County of Lackawanna, Guarantee of Lackawanna River Basin Sewer Authority Guaranteed Sewer Revenue Refunding Bonds, 1977 Series Sinking Fund", into which the Treasurer of the County is hereby authorized and directed to deposit any amounts on the dates when needed to honor the covenants of the County contained in the Guaranty Agreement. The Treasurer is further authorized and directed to contract with Northeastern Bank of Pennsylvania, as Sinking Fund Depository of the sinking fund as aforesaid, and said Sinking Fund Depository is directed to withdraw any amounts in said Sinking Fund and apply the same to the payment of principal and interest on the Bonds in the manner, at the times, and at the places described in the Guaranty Agreement.

Section 8. The County intends hereby to incur debt in accordance with the Debt Act, which debt is further intended to be funded debt as such term is used in the County Code, Act of August 9, 1955, P.L. 323, Section 1770, as amended. Should the Guaranty Agreement at any time be determined to be wholly or partially invalid as nonelectoral debt, the County hereby determines that such debt shall then be classified as lease rental debt. Should either such classification or the Guaranty Agreement be determined at any time to be insufficient to constitute debt of the County under the Debt Act, the County hereby covenants with the Authority and with the holders of the bonds that the County shall, in such eventuality, issue its General Obligation Bonds, to be held by the Trustee as security for the payment of the Authority's Bonds, of the same maturities and interest rates as are listed in Exhibit A of the Guaranty Agreement.

Section 9. All prior ordinances or resolutions or parts thereof inconsistent herewith are hereby repealed.

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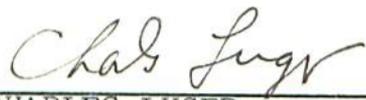
Section 10. The Guaranty Agreement shall be in substantially the following form, the terms and provisions thereof being in all respects adopted fully herein, and the form of the Authority Bonds in substantially the following form, is hereby approved.

This Ordinance shall become effective Tuesday, February 22, 1977.

LACKAWANNA COUNTY COMMISSIONERS:

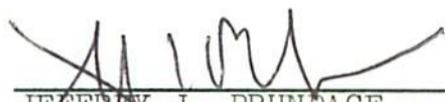


ROBERT W. PETTINATO



CHARLES LUGER

ATTEST:



JEFFREY J. BRUNDAGE
ADMINISTRATIVE DIRECTOR

EDWARD J. ZIPAY