

ORDINANCE NO. 8

Adopted at a Regular Meeting of the Lackawanna County Commissioners held on August 22, 1978.

AN ORDINANCE AUTHORIZING THE INCURRING OF DEBT; APPROVING THE CONSTRUCTION AND FINANCING OF AND BRIEFLY DESCRIBING THE PROJECT FOR WHICH THE DEBT IS TO BE INCURRED AND STATING A REALISTIC ESTIMATED USEFUL LIFE THEREOF; STATING THE AGGREGATE PRINCIPAL AMOUNT OF GUARANTEED REVENUE BONDS TO BE ISSUED BY THE SCRANTON - LACKAWANNA HEALTH AND WELFARE AUTHORITY AND THE AMOUNT OF BONDS TO BE SECURED BY GUARANTY AGREEMENT AND THAT THE DEBT IS TO BE INCURRED AS LEASE RENTAL DEBT AS DEFINED IN THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT; APPROVING THE FORM OF A GUARANTY BETWEEN AND AMONG THE COUNTY, THE AUTHORITY AND PENN SECURITY BANK AND TRUST COMPANY, AS TRUSTEE, AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE GUARANTY, STATING THE ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST COVENANTED TO BE PAID THEREUNDER AND COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY THEREFOR; AUTHORIZING AND DIRECTING CERTAIN OFFICERS OF THE COUNTY TO VERIFY AND FILE THE DEBT STATEMENT REQUIRED BY SECTION 410 OF SAID ACT; APPROVING THE REPORT OF McDONNELL, SMITH & ASSOCIATES, LTS. PREPARED IN ACCORDANCE WITH SECTION 206 (a) (1), OF THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT AND AUTHORIZING AND DIRECTING THE FILING THEREOF AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY THE DEBT FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT AS SELF-LIQUIDATING; AUTHORIZING THE OFFICIALS OF THE COUNTY TO TAKE OTHER APPROPRIATE ACTION; AND REPEALING ALL ORDINANCES INCONSISTENT HEREWITH.

WHEREAS, the Scranton-Lackawanna Health and Welfare Authority (Authority), a municipality authority created under the Pennsylvania Municipality Authorities Act of 1945, as amended (Authorities Act), has determined to provide for the construction and equipment of certain nursing care facilities and ambulatory care unit (Project) in the County of Lackawanna, Pennsylvania (County); and,

WHEREAS, in order to finance, inter alia, the costs of construction and equipment of the Project, the Authority has determined to issue its Guaranteed Revenue Bonds (Scranton-Old Forge Nursing Care Facilities), Series of 1978 in the principal amount of \$10,800,000 (1978 Bonds) pursuant to the Authorities Act, to be issued under and secured by a trust indenture dated as of August 15, 1978 (Indenture) between the Authority and Penn Security Bank and Trust Company, Scranton, Pennsylvania, as trustee (Trustee); and,

WHEREAS, the Authority as awarded the 1978 Bonds to American Securities Corporation at private sale, upon the terms set forth in its Purchase Contract at a bid price of \$10,584,000; and,

WHEREAS, the Authority will acquire from Allied Services for the Handicapped, Inc. (Allied), by a lease dated as of August 15, 1978 (Lease) a leasehold interest in certain Leased Premises more fully described in the Lease; and,

WHEREAS, the Authority will sublease, by a sublease and security agreement, dated as of August 15, 1978 (Sublease), the Leased Premises to Allied for a rental sufficient to pay, inter alia, the debt service on the 1978 bonds and the Authority's administrative expenses and the fees fairly attributable to the Project which rentals have been pledged with the Trustee for the payment of the principal of, and interest on, the 1978 Bonds; and,

WHEREAS, in order to induce the Authority to enter into the indenture and authorize the issue of the 1978 Bonds and to further secure the payment of the principal of, and interest on, the 1978 Series Bonds, the County and the Authority intend to enter into a guaranty agreement (County Guaranty), as authorized by the Pennsylvania Local Government Unit Debt Act of 1972, P.L. 781, No. 185, as amended and re-enacted (Debt Act), providing for the unconditional guarantee of payment of the principal of (including amounts required by the Indenture to be paid into the Sinking Fund Account for the 1978 Bonds), and interest on the 1978 Bonds, by the County and the pledge by the County of its full faith, credit and taxing power to discharge all of its obligations under such County Guaranty; and,

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WHEREAS, McDonnell, Smith & Associates, Ltd., Scranton, Pennsylvania (Certified Public Accountants) have prepared and submitted to the Board of County Commissioners of the County a report (Report) prepared in accordance with Section 206 (a) (1) of the Debt Act; and,

WHEREAS, the execution of the County Guaranty constitutes the incurring of lease rental debt by the County within the meaning of the Debt Act;

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF LACKAWANNA:

Section 1. The County does hereby approve the construction, equipment and financing of the Project, consisting of two new nursing care facilities and ambulatory care unit. The realistic estimated useful life of the Project is determined to be in excess of 40 years.

Section 2. The aggregate principal amount of the 1978 Bonds to be issued by the Authority and to be secured by the County Guaranty is \$10,800,000. The Board of Commissioners of the County does hereby authorize the incurring of lease rental debt of the County, pursuant to the Debt Act, in the maximum amount of \$10,800,000, to be evidenced by the County Guaranty between and among the County, the Authority and the Trustee.

Section 3. The Chairman of the Board of County Commissioners, the County Controller and the County Treasurer are hereby authorized to prepare and verify a debt statement required by Section 410 of the Debt Act and the Administrative Director/Chief Clerk of the County is hereby authorized and directed to certify, to the Department of Community Affairs, a transcript of these proceedings, consisting of such debt statement, including a borrowing base certificate, and a certified copy of this Ordinance as finally enacted, together with proofs of publications, and to pay any filing fees required under Section 803 of the Act.

Section 4. The form of the County Guaranty as presented to the Board of Commissioners is hereby approved. The Chairman of the Board of County Commissioners, the County Controller and the County Treasurer are hereby authorized and directed, upon receipt of approval from the Department of Community Affairs, to execute the County Guaranty in such form, subject to such changes and modifications, if any, as may be approved by such officials the execution of the County Guaranty to be conclusive evidence of such approval, and the Administrative Director/Chief Clerk of the County is hereby authorized and directed to affix thereto the corporate seal of the County, to attest the same and to deliver the County Guaranty to the Authority and the Trustee.

Section 5. The annual amounts of principal and interest covenanted to be paid by the County under the County Guaranty is as set forth in Schedule A. It is covenanted with the holders from time to time of the 1978 Bonds and coupons thereto appertaining, that the County shall (1) include the amount of the debt service for each fiscal year in which such sums are payable in its budget for that year, (2) appropriate such amounts from its general revenues, for the payment of such debt service, and (3) duly and punctually pay, or cause to be paid, from its sinking fund the principal of (including amounts required by the Indenture to be paid into the Sinking Fund Account for the 1978 Bonds), and interest on, the 1978 Bonds, at the dates and places and in the manner stated in the 1978 Bonds and the coupons thereto appertaining according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of its guaranty of the 1978 Bonds, the County pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable; subject, however, as to the enforceability of remedies to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights. Nothing in this Section shall be construed to give the County any taxing power not granted by another provision of law.

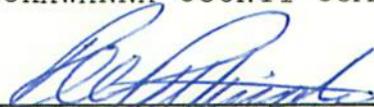
Section 6. The Report of the Certified Public Accountants, as submitted to this meeting is hereby approved. The Chairman of the Board of County Commissioners, the County Controller and the County Treasurer are each further authorized and directed to prepare and file any statements required under Section 206 of the Debt Act which are necessary to qualify all or a portion of the lease rental indebtedness incurred hereby for exclusion as self-liquidating debt.

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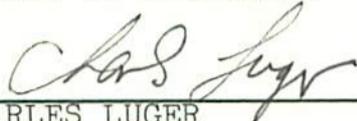
Section 7. The proper officers of the County are hereby authorized and empowered on behalf of the County to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of this Ordinance.

Section 8. All ordinances or parts of ordinances inconsistent herewith be and the same hereby are repealed.

LACKAWANNA COUNTY COMMISSIONERS:



ROBERT W. PETTINATO



CHARLES LUGER

EDWARD J. ZIPAY

ATTEST:



JEFFREY J. BRUNDAGE
ADMINISTRATIVE DIRECTOR