

ORDINANCE #122

FIRST READING - August 29, 2000
SECOND READING - September 26, 2000

TO AUTHORIZE THE UNDERTAKING OF THE LOAN PROJECT (DEFINED HEREIN); TO AUTHORIZE AND DIRECT THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF A GENERAL OBLIGATION NOTE OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA, IN THE PRINCIPAL AMOUNT OF \$4,100,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COSTS OF THE ACQUISITION OF A GOLF COURSE AND THE CONSTRUCTION OF RENOVATIONS AND IMPROVEMENTS THERETO FOR USE AS A COUNTY RECREATIONAL FACILITY, AND TO PAY THE COST OF ISSUING THE NOTE; STATING THAT REALISTIC COST ESTIMATES HAVE BEEN MADE FOR THE CAPITAL PROJECT AND AUTHORIZING THE PAYMENT OF OTHER CAPITAL PROJECTS UPON APPROPRIATE AMENDMENT HERETO; STATING THE REALISTIC ESTIMATED USEFUL LIFE OF THE CAPITAL PROJECT FOR WHICH THE NOTE IS ISSUED; DIRECTING THE PROPER OFFICERS OF THE GOVERNING BODY TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND BORROWING BASE CERTIFICATE; COVENANTING THAT THE COUNTY SHALL INCLUDE THE AMOUNT OF ANNUAL DEBT SERVICE IN ITS BUDGET FOR EACH FISCAL YEAR; STATING THE NOTE TO BE A GENERAL OBLIGATION OF THE COUNTY EVIDENCING NON-ELECTORAL DEBT; PROVIDING FOR A FULLY REGISTERED NOTE, DATE OF THE NOTE, INTEREST PAYMENT DATES, PROVISIONS FOR PREPAYMENT PRIOR TO MATURITY, MATURITY DATE AND STATED PRINCIPAL INSTALLMENT AMOUNTS AND FIXING THE RATE OF INTEREST ON SUCH NOTE; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO CONTRACT WITH A BANK OR BANK AND TRUST COMPANY FOR ITS SERVICES AS SINKING FUND DEPOSITORY, PAYING AGENT AND REGISTRAR AND STATING A COVENANT AS TO PAYMENT OF PRINCIPAL AND INTEREST WITHOUT DEDUCTION FOR CERTAIN TAXES; PROVIDING FOR THE EXECUTION OF THE NOTE; APPROVING THE FORM OF THE NOTE AND, IF APPLICABLE, PROVIDING FOR A CUSIP NUMBER TO BE STATED ON THE NOTE; AWARDED SUCH NOTE AT PRIVATE SALE AND STATING THAT SUCH PRIVATE SALE IS IN THE BEST FINANCIAL INTEREST OF THE COUNTY; CREATING A SINKING FUND AND APPROPRIATING ANNUAL AMOUNTS FOR PAYMENT OF DEBT SERVICE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO CERTIFY AND TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT CERTIFIED COPIES OF THE NECESSARY PROCEEDINGS, TO PREPARE AND FILE ANY STATEMENTS TO QUALIFY ALL OR ANY PORTION OF NON-ELECTORAL DEBT OR LEASE RENTAL DEBT AND TO PAY THE FILING FEES IN CONNECTION THEREWITH; DECLARING THE OUTSTANDING INDEBTEDNESS OF THE COUNTY, INCLUDING THE DEBT EVIDENCED BY THE NOTE, TO BE WITHIN THE DEBT LIMITATIONS OF THE DEBT ACT (DEFINED HEREIN); APPROVING THE FORM OF, AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A CERTAIN LOAN AGREEMENT; COVENANTING THAT THE PROCEEDS OF THE NOTE SHALL NOT BE USED IN SUCH A MANNER AS TO CAUSE THE NOTE TO BE AN ARBITRAGE BOND UNDER FEDERAL TAX LAW PROVISIONS,, MAKING CERTAIN REPRESENTATIONS AND DESIGNATING THE NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION;" AUTHORIZING CONTINUING DISCLOSURE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE COUNTY TO PAY CERTAIN FEES, EXPENSES AND ISSUANCE COSTS; PROVIDING FOR SEVERABILITY; REPEALING INCONSISTENT ORDINANCES; AND EFFECTIVE DATE

WHEREAS, the County of Lackawanna, Pennsylvania (the "County") is a home rule county under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is governed by its Board of Commissioners (the "Governing Body"); and

WHEREAS, New Garden General Authority (the "Authority") is a body corporate and politic organized and existing under the provisions of the Pennsylvania Municipality Authorities Act of 1945, P.L. 382, as amended (the "Act"); and

WHEREAS, in carrying out its corporate purposes, the Authority has established a municipal Pooled Financing Program I (the "Program") which provides a source of funds to make loans to counties, cities, boroughs, townships, school districts and municipal authorities in the Commonwealth to finance or refinance the costs of acquiring, constructing or renovating certain capital improvements and facilities under the Program and has funded the Program with the issuance of the Authority's Municipal Revenue Bonds, Series of 1999 (Municipal Pooled Financing Program I); and

WHEREAS, the County proposes to make application to the Authority for a borrowing under the Program (hereinafter, the "Loan") in an amount of Four Million One Hundred Thousand Dollars (\$4,100,000) in order to finance a project (the "Loan Project") consisting of paying the costs of (i) the acquisition of a golf course and the construction of renovations and improvements thereto for use as a county recreational facility (the "Capital Project"), and (ii) issuing the Note; and

WHEREAS, in connection with the making of the Loan and the financing by the Authority of the Loan Project, the County intends to enter into a Loan Agreement (the "Loan Agreement") with the Authority and pursuant thereto to issue, execute and deliver to the Authority the County's General Obligation Note, Series of 2000 in the principal amount of Four Million One Hundred Thousand Dollars (\$4,100,000) (the "Note"); and

WHEREAS, the County has received from the Authority a written proposal (the "Note Purchase Agreement") for, inter alia, the purchase of the Note; and

WHEREAS, the Governing Body of the County desires to accept the Note purchase Agreement, to enter into the Loan Agreement, to award the Note to the Authority, at private sale, and to incur non-electoral debt evidenced by the Note, all in connection with the Loan Project;

NOW, THEREFORE, the Governing Body of the County, pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 et. Seq., as amended (the "Debt Act"), hereby ORDAINS AND ENACTS as follows:

Section 1. Authorizing the Project; Incurrence of Debt; Amount and Purpose of Note; Realistic Cost Estimates; Other Capital Projects Upon Amendment; Estimated Project Completion Date. The Governing Body of the County hereby authorizes and directs the undertaking of the Loan Project and the incurring of non-electoral debt through the issuance of the County's General Obligation Note, Series of 2000 in the principal amount of Four Million One Hundred Thousand Dollars (\$4,100,000) to provide funds to pay the costs of the Loan Project.

Realistic cost estimates have been obtained by the County for the Capital Project through estimates made by qualified persons, as required by Section 8006 of the Act.

The County hereby reserves the right to undertake components of the Capital Project in such order and at such time or times as it shall determine and to allocate the proceeds of the Note and other available moneys to the final costs of the Loan Project in such amounts and order of priority as it shall determine; but the proceeds of the Note shall be used solely to pay the "Costs," as defined in the Act, of the Loan Project described herein or, upon appropriate amendment hereto, to pay the costs of other capital projects for which the County is authorized to incur indebtedness.

The Capital Project is estimated to be completed by May, 2002, and the first stated principal installment of the Note shall be made within one year following such estimated completion date in compliance with Section 8142 (c) of the Act.

Section 2. Realistic Estimated Useful Life. The realistic estimated useful life of the Capital Project is estimated to be in excess of 30 years and the principal amount of the Note equal to the separate cost of the Capital Project having a shorter useful life than the period during which the Note will be outstanding has been scheduled to mature prior to the end of such useful life, and the balance prior to the end of the longest useful life.

Section 3. Debt Statement and Borrowing Base Certificate. The Chairman or Vice Chairman of the Governing Body and the Administrative Director of the County (or other authorized officers or officials of the County) are hereby authorized and directed to prepare and certify a debt statement required by Section 8110 of the Debt Act and a Borrowing Base Certificate.

Section 4. Covenant to Pay Note. It is covenanted with the registered owners from time to time of the Note that the County shall (i) include the amount of the debt service for the Note for each fiscal year in which the sums are payable in its budget for that year, (ii) appropriate those amounts from its general revenues for the payment of the debt service, and (iii) duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds the principal of, and the interest on, the Note at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the County pledges its full faith, credit and taxing power. As provided by the Debt Act, this covenant shall be specifically enforceable.

Section 5. Description of Note; Principal Installment Schedule; Prepayment of Note prior to Maturity. The Note shall be a general obligation note of the County, shall evidence non-electoral debt of the County, shall be in fully registered form without coupons, shall be numbered R-1-2000 and be in the maximum principal amount stated in Section 1 above, shall be dated as of the date of its issuance, with a final maturity on November 1, 2029, and shall bear interest from the dates, which interest is payable at the rate, provided herein, until maturity or redemption, all as set forth in the Note Purchase Agreement attached hereto as and made a part hereof. The note will initially be in the Weekly Mode.

Interest Payments

If in the Weekly Mode: The Note will bear interest from its date of issuance on the unpaid principal amount thereof at a variable rate, all in accordance with the provisions of the Loan Agreement in the form presented to this meeting. In no event shall such variable rate exceed the maximum rate of 12% per annum. Interest on the Note during the Weekly Mode will be payable on the first Business Day of each month, commencing on the first day on the month following the date of issuance of the Note, until conversion to Term Mode, redemption or maturity, and will be calculated on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed.

If in the Term Mode: Interest on the Note while in the Term Mode will be payable semi-annually on May 1 and November 1 of each year, until maturity or redemption and will be calculated on the basis of a 360-day year of twelve 30-day months.

Interest on the Note will be paid in arrears on each interest payment date.

Redemption

The Note will be subject to redemption in the manner and upon the terms and conditions set forth therein.

Principal Payments

The principal of the Note will be payable in twenty-eight (28) consecutive annual installments commencing on November 1, 2002, to and including November 1, 2029, and will be payable in installments of principal as set forth in the Note Purchase Agreement attached hereto and made a part hereof. The stated maturity of the Note has been fixed in compliance with Section 8142(b)(1) of the Debt Act. The principal amortization schedule and the maximum annual debt service payments (based on a Weekly Mode and the maximum interest rate of 12%) are as set forth in the Note Purchase Agreement attached hereto and made a part hereof.

Section 6. Paying Agent, Sinking Fund Depository and Registrar; Payment of Principal and Interest Without Deduction for Taxes. The proper officers of the County are hereby authorized and directed to contract with First Union National Bank, having corporate trust offices in Philadelphia, Pennsylvania, and Charlotte, North Carolina, for its services as sinking fund depository, paying agent and registrar with respect to the Note (collectively referred to as the "Paying Agent") and such Bank is hereby appointed to act in such capacities with respect to the Note.

The principal or redemption price of, and interest on, the Note shall be payable in lawful money of the United States of America to the Paying Agent at its corporate trust office of in Philadelphia, Pennsylvania, or Charlotte, North Carolina, or at such other office as the Paying Agent may designate in writing to the County, or at the designated office of any additional or appointed alternate or successor paying agent or agents.

If the date for payment of the principal or redemption price of, and interest on, the Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania or in each of the cities in which the corporate trust office or paying office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday,

Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal or redemption price of, and interest on, the Note are payable without deduction for any tax or taxes, except inheritance and estate taxes or any other taxes now or hereafter levied or assessed on the Note under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the County assumes and agrees to pay.

The Note shall be transferable in the manner provided therein. The County and the Paying Agent may deem and treat the person in whose name the Note is registered as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest thereon and for all other purposes, whether or not the Note shall be overdue. The County and the Paying Agent shall not be affected by any notice to the contrary.

Any corporation or association into which the Paying Agent, or any additional or appointed alternate or successor to it, may be merged or converted or with which it, or any additional or appointed alternate or successor to it, may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any corporation or association to which the Paying Agent, or any additional or appointed alternate or successor to it, sells or otherwise transfers all or substantially all of its corporate trust business shall be the successor paying agency hereunder, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 7. Execution of Note. The Note shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Governing Body (or other authorized officer of the County) and shall have the corporate seal of the County or a facsimile thereof affixed thereto, duly attested by the manual or facsimile signature of the Administrative Director of the County (or other authorized officer of the County), and the said officers are hereby authorized and directed to execute the Note in such manner. The Chairman or Vice Chairman of the Governing Body (or other authorized officer of the County) is hereby authorized and directed to deliver, or cause to be delivered, the Note to the Authority, but only upon payment to the County of the proceeds of the Note and the satisfaction of the terms and conditions set forth in the Note Purchase Agreement and the Loan Agreement.

Section 8. Form of Note; CUSIP Numbers. The form of the Note shall be substantially as set forth in Exhibit A attached hereto.

The Note shall be executed in substantially the form as set forth in Exhibit A hereto with such appropriate changes, additions or deletions as may be approved by the officers executing the Note in the manner provided in Section 7 hereof; such execution shall constitute approval by such officers on behalf of the Governing Body.

The County, pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures (CUSIP) will, if applicable, cause a CUSIP number to be stated on the Note. No representation is made as to the accuracy of said number either as stated on the Note or as contained in any notice of prepayment, and the County shall have no liability of any sort with respect thereto. Reliance with respect to any prepayment notice with respect to the Note may be placed only on the identification number stated thereon.

Section 9. Manner of Sale; Award of Note; Bid Price; Interest Rate. The Governing Body of the County after due deliberation and investigation has found that a private sale by negotiation for the financing of the loan Project under the Authority's Program is in the best financial interest of the County and based upon such finding the Governing Body of the County hereby accepts the Note Purchase Agreement of the Authority, approves the terms of the Note and awards the Note, at private sale, to the Authority, upon the terms set forth in the Note Purchase Agreement, a copy of which is attached hereto and made a part hereof. As set forth in the Note Purchase Agreement, the Note is purchased at a bid price of par, plus accrued interest, if any, and bears interest as herein and therein set forth (not, however, to exceed 12%). Such details are hereby approved.

Section 10. Sinking Fund; Appropriation of Annual Amounts for Payment of Debt Service. There is hereby established a separate sinking fund for the County designated as "Sinking Fund-2000 General Obligation Note" (the "Sinking Fund") and into the Sinking Fund there shall be paid, when and as required, all moneys necessary to pay the debt service on the Note, and the Sinking Fund shall be applied exclusively to the payment of the interest covenanted to be paid upon the Note and to the principal thereof at maturity or prepayment prior to maturity and to no other purpose whatsoever, except as may be authorized by law, until the same shall have been fully paid.

The County hereby covenants and agrees that amounts sufficient to pay the principal of, and interest on, the Note in each fiscal year in which the Note is outstanding shall be pledged to pay the debt service on the Note and such amounts, as set forth in the Note Purchase Agreement attached hereto and made a part hereof, are annually hereby appropriated to the Sinking Fund for the payment thereof.

The Paying Agent is hereby authorized and directed, without further action from the County, to pay from the Sinking Fund the principal of, and interest on, the Note as the same becomes due and payable in accordance with the terms thereof and the County hereby covenants that such moneys, to the extent required, will be applied to such purposes.

Section 11. Debt Proceedings. The Administrative Director of the County (or other authorized officer of the County) is hereby authorized and directed to certify to and file with the Pennsylvania Department of Community and Economic Development, in accordance with the Debt Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder, including the debt statement and borrowing base certificate referred to hereinabove, to prepare and file any statements required by the Debt Act which are necessary to qualify all or any portion of non-electoral or lease rental debt of the County as self-liquidating or subsidized debt, and to pay the filing fees necessary in connection therewith.

Section 12. Debt Limitations. It is declared that the debt to be incurred hereby, together with any other indebtedness of the County, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of debt by the County which is evidenced by the Note.

Section 13. Approval of Loan Agreement. The County shall enter into the Loan Agreement substantially in the form presented to this meeting and attached hereto as Exhibit B (a copy of which shall be filed with the records of the County) and such form, together with any changes and modifications approved in the manner provided in this Section is hereby approved. Upon receipt of approval of the Pennsylvania Department of Community and Economic Development to the incurrence of debt represented by the Note, the Chairman or Vice Chairman of the Governing Body (or other authorized officer of the County) is hereby authorized and directed to execute and deliver the Loan Agreement, in such form, subject to such subsequent addition, changes, variations, omissions, insertions

and modifications, if any, as may be approved by such officer, with the advice of the County's Counsel and Bond Counsel, the execution of the Loan Agreement to be conclusive evidence of such approval, and the Administrative Director (or other authorized officer of the County) is hereby authorized and directed to affix thereto the corporate seal of the County and to attest the same and to make the Loan Agreement available for inspection by interested persons upon reasonable request.

Section 14. Tax Covenants, Representations and Designations.

- (a) **General Covenant.** The County hereby covenants that it will make no use of the proceeds of the Note during the term thereof which would cause the Note to be an "arbitrage bond" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and that it will comply with the requirements of all Code sections necessary to ensure that the Note is described in Code section 103(a) and not described in Code section 103(b) throughout the term of the Note.
- (b) **Small Issue Exception.** In compliance with section 148(f)(4)(D) of the Code the County hereby represents that (i) it is a governmental unit with general taxing powers, (ii) the Note is not a "private activity bond" as defined in the Code, (iii) ninety-five percent or more of the net proceeds of the issue are to be used for local government activities of the County, and (iv) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the County and its subordinate entities during the calendar year in which the Note is issued is not reasonably expected to exceed \$5,000,000.
- (c) **Bank Qualified Bonds.** In order to ensure that the registered owners of the Note, if they are financial institutions, will not be subject to certain provisions of the Code as a result of acquiring and carrying the Note, the County hereby designates the Note as a "qualified tax-exempt obligation," within the meaning of Code section 265(b)(3)(B), and the County hereby covenants that it will take such steps as may be necessary to cause the Note to continue to be an obligation described in such Code section during the period in which the Note is outstanding. The County represents that it has not issued, and does not reasonably anticipate issuing, tax-exempt obligations which, when combined with the Note, will result in more than \$10,000,000 of tax-exempt obligations being issued in the calendar year in which the Note is issued. For purposes only of the foregoing sentence, the term "tax-exempt obligation" shall include any "qualified 501(c)(3) bond," as defined in Code section 145, but shall not include any other "private activity bond," as defined in Code section 141(a), any obligation which would be an "industrial development bond," or a "private loan bond," as defined in sections 103(b)(2) and 103(o)(2)(a) of the Internal Revenue Code of 1954, as amended, but for the fact that it is issued pursuant to section 1312, 1313, 1316(g) or 1317 of the Tax Reform Act of 1986, or any obligation issued to currently refund any obligation to the extent the amount thereof does to exceed the outstanding amount of the refunded obligation.

Section 15. Continuing Disclosure. The County will cooperate with the Authority in disseminating such information as the Authority shall require pursuant to Rule 15c2-12(b)(5) (as defined below) and shall be responsible for providing the following information required by this section, although the Paying Agent may agree to disseminate such information to the parties identified below. The Paying Agent's sole obligation, if it so agrees, with regard to continuing disclosure is to disseminate information provided to it by the County. The Paying Agent is not obligated to independently obtain or disseminate any such information.

- (a) **Continue Disclosure of Financial Information.** The County shall disseminate in a timely manner, in accordance with this section and the provisions of Rule 15c2-12(b)(5) (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the Commonwealth, if any ("PaSID"), in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data with respect to the County as the sole obligated person under the Rule:
- (i) The County's annual audited financial statements which, if required by the Rule, are prepared by independent certified public accountants pursuant to Generally Accepted Accounting Principles (GAAP) and its current budget and which shall be made available no later than 180 days after the end of the County's fiscal year, beginning with the fiscal year ending December 2000.
- (ii) The County reserves the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that the County agrees any such modification will be done in a manner consistent with the Rule.
- (b) **Disclosure of Material Events.** The County agrees to either directly disseminate to the parties listed below or, upon agreement with the Paying Agent, to notify the Paying Agent in a timely manner in writing, upon obtaining actual knowledge of the same, of such of the events listed below as may apply to the Note, if material. The County or the Paying Agent, as applicable, shall be obligated to disseminate in a timely manner to the Municipal Securities Rulemaking Board ("MSRB") and the PaSID, any such notice of the occurrence of such of the events listed below as may apply to the Note (which obligation in the case of the Paying agent shall arise only upon receipt from the County of such notice, in writing, which states that the event is material within the meaning of the Rule):
- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults;
- (C) unscheduled draws on a debt service reserve fund reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;

- (F) adverse tax opinions or events affecting the tax-exempt status of the Note;
 - (G) modifications to rights of registered owners;
 - (H) bond calls;
 - (I) defeasances;
 - (J) release, substitution, or sale of property securing repayment of the Note; and
 - (K) rating changes.
- (ii) The Paying Agent shall have no obligation to independently provide notices to the MSRB of any of the preceding events, even if the Paying Agent has notified the County of the occurrence of the event, but rather is obligated only, if so agreed to by the Paying Agent, to disseminate such notice in such form as the County has provided to it.
 - (iii) The County may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the County, such other event is material with respect to the Note, but the County does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.
- (c) **Failure to Provide Information.** The County shall, directly or through the Paying Agent, disseminate, in a timely manner, to (i) the MSRB and (ii) the PaSID, notice of a failure by the County to provide the annual financial information with respect to the County described in (a) above.
 - (d) **Termination of Continuing Disclosure Obligation.** The County reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth herein, if and when the County no longer remains an obligated person with respect to the Note within the meaning of the Rule. Notwithstanding that the application of the Rule has been imposed upon the County for the benefit of the registered owners of the Note, the obligations of the County under this section shall terminate in the event that the Rule is determined by a court of competent jurisdiction to be in violation of federal law.
 - (e) **Disclosure for Benefit of Registered Owners; Remedies.** The County agrees that its undertaking, pursuant to the Rule, set forth in (a) and (b) above is required to be for the benefit of the registered owners of the Note. A failure by the County to comply with the provisions of this undertaking shall not constitute an event of default with respect to the Note under the Debt Act or otherwise. In the event the County fails to comply with the provisions of this section within 10 days of receipt of a written request for information which the County has agreed to provide hereunder by a registered owner of the Note, the registered owner shall be limited in its remedies to specific performance or a writ of mandamus in a court of competent jurisdiction to enforce the obligations of the County under this section.
 - (f) **Amendments.** The provisions of this section may be amended without consent of the holders of the Note if the County receives an opinion of counsel that such amendment is consistent with the Rule.

Section 16. Incidental Actions. The proper officers of the County are hereby authorized, directed and empowered on behalf of the County to execute any and all agreements, 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 the purposes of this Ordinance, the Note, the Note Purchase Agreement and the Loan Agreement, including, but not limited to, any and all necessary action to comply with the Program Requirements of the Authority.

Section 17. Payment of Certain Fees, Expenses and Issuance Costs. The proper officers of the County are hereby authorized and directed to pay, or to cause the Paying Agent to pay, certain fees and expenses associated with the Program and the Loan and the costs of issuing the Note at the Time of delivery of the Note to the Authority, against delivery of proper invoices therefore.

Section 18. Severability. 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 hereof, it being the intent of the County that such remainder shall be and shall remain in full force and effect.

Section 19. Inconsistent Ordinances. All ordinances or parts of ordinances inconsistent herewith be and the same are hereby repealed.

Section 20. Effective Date. This Ordinance shall be effective in accordance with Section 8003(c) of the Debt Act.

EXHIBIT A**Form of Note****R-1-2000****\$4,100,000****COUNTY OF LACKAWANNA, PENNSYLVANIA
GENERAL OBLIGATION NOTE, SERIES OF 2000**

Date of Issuance: October , 2000

THE COUNTY OF LACKAWANNA, PENNSYLVANIA (the "Issuer") organized and existing as a home rule county under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") promises to pay to the order of NEW GARDEN GENERAL AUTHORITY (the "Authority"), or registered assigns, the maximum principal amount of Five Million Dollars (\$5,000,000) and to pay interest on the principal amount hereof, which, from time to time, shall remain unpaid, from the date hereof, at the rate of interest determined in accordance with the provisions hereof to be in effect from time to time, at the times and in the manner hereinafter provided.

This Note is the only one of its series, known generally as "General Obligation Note, Series of 2000" (the "Note"). This Note is issued in the Weekly Mode, is issuable only in the form of a fully registered note without coupons, is in the principal amount of \$5,000,000 and is issued in accordance with the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 et. seq., as amended (the "Debt Act") and by virtue of an ordinance of the Issuer duly enacted (the "Ordinance") and the sworn statement of the duly authorized officers of the Board of Commissioners (the "Governing Body") of the Issuer as appears on record in the office of the Pennsylvania Department of Community and Economic Development, Harrisburg, Pennsylvania. The Ordinance shall constitute a contract between the Issuer and the registered owner, from time to time, of this Note. Reference is also made to a Loan Agreement dated as of the date of issuance of this Note (the "Loan Agreement") between the Authority, as lender, and the Issuer, as borrower, pursuant to which the Authority has agreed to finance the Project, as defined in the loan Agreement, in consideration of the issuance and delivery of this Note to or for the benefit of the Authority, a copy of which Loan Agreement is on file with the Administrative Director of the Issuer.

Interest Rate

This Note shall bear interest at the variable rate in accordance with the loan Agreement; provided, however, that in no event shall the rate or rates of interest applicable hereto exceed the rate of Twelve Percent (12%) per annum (except when Bonds attributable to the Note are held as Bank Bonds).

Interest Payments

Interest on the Note shall be paid in arrears on each interest payment date. Interest on the Note during the Weekly Mode will be computed on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed. Interest on the Note during the Term Mode will be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months. Interest on this Note while in the Term Mode shall be payable on May 1 and November 1 of each year. Interest on this Note shall initially be in the Weekly Mode and in the Weekly Mode shall be payable on the first business day of each month, commencing on the first day of the month following the Date of Issuance of this Note. Such interest shall be payable either until maturity or, in the event that this Note shall have been duly called for previous redemption in full and payment of the redemption price shall have been made or provided for, until the date fixed for redemption.

Principal Payment

The principal of this note shall be payable in twenty-eight (28) consecutive annual installments commencing on November 1, 2002, in accordance with the Debt service Schedule attached hereto as Exhibit I.

Any provisions hereof to the contrary notwithstanding, the entire balance of principal and all accrued and unpaid interest shall be due and payable on November 1, 2029.

The principal or redemption price of, and interest on, this Note shall be payable at the corporate trust office of First Union National Bank, in Philadelphia, Pennsylvania, or Charlotte, North Carolina, (the "Paying Agent") or at such other office as the Paying Agent may designate in writing to the County, or at the designated office of any additional or appointed alternate or successor paying agent or agents, in any coin or currency of the United States of America which, at the time of payment is legal tender for the payment of public and private debts.

Redemption

This Note is subject to redemption at the option of the Issue, in whole or in part, at a redemption price equal to 100% of its principal amount on any Interest Payment Date or Mode Adjustment Date (except that during any Term Mode, redemption may not occur on a date earlier than the fifth anniversary date of the conversion to such Term Mode).

This Note is subject to mandatory prepayment in principal amounts equal to the principal amount of Bonds of the Authority which are attributable to the Note over the period in which such Bonds are subject to mandatory redemption pursuant to the Indenture, provided that any such prepayment amounts shall comply with §8142 (b) of the Debt Act.

Notice of Redemption

Any redemption, as hereinbefore authorized, shall be given in writing by the Paying Agent, at the direction of the Issuer, not more than thirty (30) and not less than fifteen (15) days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class United States mail, postage prepaid, or by another method of giving notice which is acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time such notice is given, to the registered owner hereof. Such notice shall be mailed to the address of such registered owner appearing on the registration books of the Issuer to be kept by the Paying Agent for such purpose, unless such notice is waived by the registered owner. Notice shall also be given to the Program Administrator, as such term is defined in the Loan Agreement. On the date designated for redemption, notice having been given as aforesaid and money for payment of the principal and accrued interest being held by the Paying Agent, interest on this note or on any part of the principal of this Note selected for redemption, as applicable, shall cease to accrue. If this Note shall have been called for redemption in full, this Note shall cease to be entitled to any benefit or security

under the Ordinance and the registered owner of this Note shall have no rights with respect to this Note, except to receive payment of the principal of, and accrued interest on, this note to the redemption date.

Certifications

It is hereby certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in the creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the Issuer, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of the debt of the Issuer which is evidenced by this Note.

Covenants

It is covenanted with the registered owners from time to time of this note that the Issuer shall (i) include the amount of the debt service for each fiscal year in which the sums are payable in its budget for that year, (ii) appropriate those amounts from its general revenues for the payment of the debt service, and (iii) duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds the principal of, and the interest on, this Note at the dates and places and in the manner stated in this note according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Issuer pledges its full faith, credit and taxing power. As provided by the Debt Act, 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 generally. Nothing in this paragraph shall be construed to give the Issuer any taxing power not granted by another provision of law.

Sinking Fund

The Issuer has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal or redemption price of, and the interest on, this Note shall be deposited not later than the date fixed for disbursement thereof. The Issuer 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 the principal or redemption price of, and interest on, this Note.

Transfer

This Note is transferable by the Authority or by any subsequent registered owner in person or by his attorney duly authorized, in writing, at the corporate trust office of the Paying Agent, but only upon notation of such registration hereon and on the records of the Issuer to be kept for that purpose at the corporate trust office of the Paying Agent by a duly authorized representative of the Paying Agent acting in behalf of the Issuer. The Issuer and the Paying Agent may deem and treat the person in whose name this Note 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 hereon and for all other purposes, whether or not this note shall be overdue. The Issuer and the Paying Agent shall not be affected by any notice to the contrary.

IN WITNESS WHEREOF, the County of Lackawanna, Pennsylvania, has caused this Note to be signed in its name by the manual or facsimile signature of the Chairman of its Governing Body and its corporate seal (or a facsimile thereof) to be impressed hereon and attested by the manual or facsimile signature of its Administrative Director, all as of Date of Issuance.

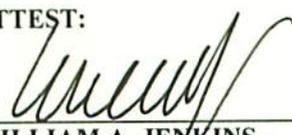
COUNTY OF LACKAWANNA


JOSEPH J. CORCORAN


RANDY A. CASTELLANI


ROBERT C. CORDARO

ATTEST:


WILLIAM A. JENKINS,
ADMINISTRATIVE DIRECTOR

Approved as to form and legality:


JOSEPH A. O'BRIEN, ESQUIRE
COUNTY SOLICITOR