

ORDINANCE #132

FIRST READING - June 25, 2002

SECOND READING - July 9, 2002

APPROVING A CERTAIN CAPITAL IMPROVEMENT PROJECT AND THE FINANCING THEREOF, BRIEFLY DESCRIBING THE SAME AND SETTING FORTH THE REALISTIC ESTIMATED USEFUL LIFE THEREOF; STATING THE AGGREGATE PRINCIPAL AMOUNT OF GUARANTEED SEWER REVENUE BONDS TO BE ISSUED BY THE LACKAWANNA RIVER BASIN SEWER AUTHORITY (THE "AUTHORITY") TO BE SECURED BY A CERTAIN GUARANTY AGREEMENT DESCRIBED HEREIN AND STATING THAT THE DEBT IS TO BE INCURRED AS LEASE RENTAL DEBT AS DEFINED IN THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. CONS. STAT. §8001 *ET SEQ.*, AS AMENDED (THE "DEBT ACT"); 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 AND TO PAY ANY NECESSARY FILING FEES; APPROVING THE FORM, AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY, OF THE GUARANTY AGREEMENT AMONG THE COUNTY, THE AUTHORITY AND THE TRUSTEE; STATING THE ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST TO BE PAID UNDER THE GUARANTY AGREEMENT, COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY THEREFOR; AUTHORIZING AND DIRECTING THE PREPARATION OF THE SELF-LIQUIDATING DEBT REPORT OF THE CONSULTING ENGINEERS OF THE AUTHORITY AND THE FILING THEREOF AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY THE DEBT OR ANY PORTION THEREOF FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT AS SELF-LIQUIDATING; AUTHORIZING THE OFFICIALS OF THE COUNTY TO TAKE OTHER APPROPRIATE ACTION; REPEALING ALL ORDINANCES INCONSISTENT HERewith; PROVIDING FOR SEVERABILITY OF PROVISIONS AND STATING THE EFFECTIVE DATE AS JULY 9, 2002.

WHEREAS, Lackawanna River Basin Sewer Authority (the "Authority"), a County authority created and existing under the Pennsylvania County Authorities Act, 2001 Pa. Laws 22 (to be codified at 53 Pa. Cons. Stat. §§5601-5622), as amended by 2001 Pa. Laws 110 (the "Authorities Act"), presently owns and operates certain four existing wastewater treatment plants in the County of Lackawanna, Pennsylvania (the "County") (all thereof, together with any additions, extensions and improvements from time to time hereafter acquired or constructed and all property and interests in property now or hereafter acquired by the Authority in connection therewith and with the collection and treatment of sewage in any area in which the Authority may be authorized to serve, being hereinafter called the "System Facilities"); and

WHEREAS, the Authority has determined to undertake a certain authorized project, consisting of financing the costs of the repair of the Archbald Wastewater Treatment Plant concrete tanks comprising one of the four presently existing wastewater treatment plants of the Authority as further contemplated by the legal documentation herein authorized (the "Capital Improvements."); and

WHEREAS, the Authority has determined to issue its Guaranteed Sewer Revenue Bonds, Series of 2002 in an aggregate principal amount of \$2,600,000 designated as Guaranteed Sewer Revenue Bonds, Series of 2002 (the "2002 Bonds") in order to provide funds to pay the costs of the Capital Improvements; and to pay the costs of issuing and insuring the 2002 Bonds (the "2002 Project"); and

WHEREAS, the 2002 Bonds will be issued under and secured by a Trust Indenture dated as of February 15, 1994 (the "Original Indenture") and a Supplemental Trust Indenture thereto dated as of the dated date of the 2002 Bonds (the "Supplemental Indenture"; together with the Original Indenture, the "Indenture") from the Authority to The Fidelity Deposit and Discount Bank, Dunmore, Pennsylvania, as successor trustee (the "Trustee"); and

WHEREAS, the Authority has adopted resolutions imposing certain rates and charges for sewage treatment services with respect to the System Facilities; and

WHEREAS, in order to secure the payment of the principal of, and interest on, the 2002 Bonds, the Authority pursuant to the Supplemental Indenture confirms the assignment and pledge to the Trustee of all revenues, rentals and moneys of the Authority from or in connection with the System Facilities to the extent and as more fully described in the Indenture; and

WHEREAS, in order to further secure the payment of the principal of, and interest on, the 2002 Bonds, the County will enter into a guaranty agreement dated as of the dated date of the 2002 Bonds (the "Guaranty Agreement") with the Authority and the Trustee, as authorized by the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.*, as amended (the "Debt Act") providing for the unconditional guarantee by the County of the timely payment of the principal of, and interest on, the 2002 Bonds and the pledge by the County of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty Agreement; and

WHEREAS, the Capital Improvements will be constructed pursuant to plans and specifications prepared by Acker Associates, Inc., Moscow, Pennsylvania, the Authority's Consulting Engineers (the "Consulting Engineers"); and

WHEREAS, the Consulting Engineers will prepare a report (the "Self-Liquidating Debt Report") to the County in accordance with Section 8026(a) of the Debt Act to qualify all of the debt of the County incurred pursuant to the Guaranty Agreement as self-liquidating debt under the Debt Act and to exclude such debt from the debt limit of the County; and

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

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOARD OF COMMISSIONERS (the "Governing Body") OF THE COUNTY OF LACKAWANNA, PENNSYLVANIA, AS FOLLOWS:

Section 1. Approval of Project and Financing Thereof; Realistic Estimated Useful Life. The County hereby approves the 2002 Project, as described above, and the financing thereof. The realistic estimated useful life of the Capital Improvements is hereby determined to be in excess of 30 years. The estimated completion date for the Capital Improvements is July, 2005.

Section 2. Bonds Secured by Guaranty Agreement; Incurrence of Lease Rental Debt. The maximum aggregate principal amount of the 2002 Bonds to be issued by the Authority and secured by the Guaranty Agreement is \$2,600,000. This Governing Body hereby authorizes and directs the incurring of lease rental debt of the County, pursuant to the Debt Act, in the maximum aggregate principal amount of \$2,600,000, to be evidenced by the Guaranty Agreement among the County, the Authority and the Trustee.

Section 3. Debt Statement and Borrowing Base Certificate. The Chairman or Vice Chairman of the Governing Body, the County Treasurer and the Administrative Director of the County, or any one of them, and/or any other duly authorized or appointed officer 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, and the Administrative Director of the County is hereby authorized and directed to certify to the Pennsylvania Department of Community and Economic Development a transcript of the proceedings as required by Section 8111 of the Debt Act, and to pay any filing fees required under Section 8203 of the Debt Act.

Section 4. Guaranty Agreement. The form of the Guaranty Agreement as presented to this meeting (copies of which shall be filed with the records of the County) is hereby approved. The Chairman or Vice Chairman of this Governing Body (or other officer or official of the County as may be duly authorized) is hereby authorized and directed, upon receipt of approval from the Pennsylvania Department of Community and Economic Development, to execute the Guaranty Agreement in such form, subject to such changes and modifications, if any, as may be approved by such officer or officers, the execution of the Guaranty Agreement to be conclusive evidence of such approval, and the Administrative Director 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 Guaranty Agreement to the Trustee.

Section 5. Annual Amounts Payable Under Guaranty Agreement; Covenant to Pay Such Amounts. The annual amounts of principal and interest covenanted to be paid by the County under the Guaranty Agreement are as set forth in Schedule I attached hereto and made a part hereof. It is covenanted with the registered owners of the 2002 Bonds that the County shall (i) include the amount payable in respect of its guaranty for each fiscal year in which such sums are payable in its budget for that year; (ii) appropriate such amounts from its general revenues, for the payment of the amounts payable in respect of its guaranty; and (iii) duly and punctually pay, or cause to be paid from such revenues, to the extent of its obligations under the Guaranty Agreement, the amounts payable in respect of its guaranty, at the dates and places and in the manner stated in the Guaranty Agreement according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of its guaranty of the 2002 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 generally. Nothing in this Section shall be construed to give the County any taxing power not granted by another provision of law.

Section 6. Authorization for Exclusion of Lease Rental Debt as Self-Liquidating Debt. The Chairman or Vice Chairman of this Governing Body and the Administrative Director of the County (or other officer or official of the County as may be duly authorized) are each further authorized and directed to cause to be prepared, and filed the Self-Liquidating Debt Report and any statements required under Section 8026(a) of the Debt Act, which are necessary to qualify all or any portion of the lease rental indebtedness incurred hereby for exclusion as self-liquidating debt.

Section 7. Incidental Actions. The proper officers of the County are hereby authorized, directed 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 the provisions of this Ordinance and in connection with the application by the Authority for, and the issuance of, municipal bond insurance.

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

Section 9. Severability. In case any one or more of the provisions of this Ordinance shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Ordinance and this Ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained herein.

Section 10. Effective Date. This Ordinance shall become effective on the earliest date permitted by the Debt Act.

SCHEDULE I

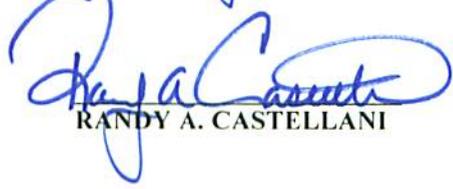
Annual Amounts Payable Under Guaranty Agreement

Year	Principal or Sinking Fund	Interest	Debt Service
2003	\$ 35,000.00	\$117,525.42	\$152,525.42
2004	50,000.00	107,872.50	157,872.50
2005	65,000.00	106,772.50	171,772.50
2006	60,000.00	105,017.50	165,017.50
2007	70,000.00	103,187.50	173,187.50
2008	60,000.00	100,842.50	160,842.50
2009	65,000.00	98,682.50	163,682.50
2010	65,000.00	96,212.50	161,212.50
2012	75,000.00	93,612.50	168,612.50
2013	480,000.00	90,537.50	570,537.50
2014	500,000.00	70,137.50	570,137.50

2015	525,000.00	48,387.50	573,387.50
2016	550,000.00	25,025.00	575,025.00

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