

ORDINANCE #184

First Reading – July 24, 2007
Second Reading – August 14, 2007

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE IN THE MAXIMUM PRINCIPAL AMOUNT OF \$10,700,000; PROVIDING FOR THE DATE, INTEREST RATE, MATURITY DATE, PLACE OF PAYMENT AND PREPAYMENT PROVISIONS IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL OF MELLON BANK, N.A. FOR THE PURCHASE AND FINANCING OF THE NOTE; PROVIDING FOR THE SECURITY OF THE NOTE; AUTHORIZING THE PROPER OFFICERS TO EXECUTE AND DELIVER THE NOTE; AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING OF THE PROCEEDINGS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; PROVIDING FOR A PAYING AGENT; SETTING FORTH A FORM OF NOTE; AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, Lackawanna County, Pennsylvania (the “Issuer”) has determined to borrow money during the fiscal year beginning January 1, 2007, in amounts not exceeding Ten Million Seven Hundred Thousand Dollars (\$10,700,000) at any one time outstanding in anticipation of the receipt of taxes and other current revenues, such borrowing to be evidenced by its tax and revenue anticipation note or notes (the “Note”) in a principal amount up to \$10,700,000 at any one time outstanding (the “Approved Principal Amount”), provided that the principal amount of the Note outstanding shall satisfy the limitations of Section 8122 of the Local Government Unit Debt Act, as amended (53 Pa.C.S. § 8001, et seq.; the “Act”); and

WHEREAS, a proposal (the “Proposal”) has been submitted by Mellon Bank, N.A., for the purchase and funding of the Note in the Approved Principal Amount at a purchase price equal to the principal amount thereof, such Note to bear interest as follows (the “Approved Interest Rate”):

(a) in the event a draw hereunder is repaid before the close of the banking day on which the draw occurred, no interest shall be payable thereon. For purposes of this provision, the term “banking day” shall mean that period from 8:30 a.m. to 5:00 p.m. on any single day; and

(b) in the event a draw hereunder is not repaid before the close of the banking day on which the draw occurred, interest thereon shall accrue at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to (i) for each day on or prior to December 14, 2007, the sum of (A) 0.5% plus (B) the rate of interest announced by the Bank from time to time as its prime rate (the “Prime Rate”), such rate to change automatically effective with each change in the Prime Rate and (ii) for each day after December 14, 2007, the sum of (A) 2% plus (B) the Prime Rate.

WHEREAS, the Approved Principal Amount of the Note does not exceed 85% of the taxes levied for the fiscal year in which the Note is to be issued and other current revenues for such year remaining to be collected or received in such fiscal year during the period in which the Note will be outstanding as evidenced by a certificate of officers of the Issuer heretofore executed in accordance with Section 8126 of the Act;

NOW, THEREFORE, it is hereby enacted and ordained by the governing body of the Issuer, that:

1. The Note in the Approved Principal Amount to be drawn down and repaid during the current fiscal year in accordance with the terms and conditions of the Proposal, and the sale and issuance of the Note pursuant to the Act is hereby approved, and is authorized and directed to be undertaken and done.

2. The Proposal, in the form presented at this meeting, is hereby approved, and the Note is hereby awarded to Mellon Bank, N.A. (the “Bank”) on the terms named therein. The Chairman, the Controller, and the Treasurer of the governing body of the Issuer are authorized and directed to execute an endorsement to the Proposal, including the Issuer’s acceptance thereof, and the Chairman of the governing body of the Issuer is authorized to deliver the same to the Bank. The Note shall be issued in the Approved Principal Amount, shall bear interest at the Approved Interest Rate, shall be subject to prepayment as provided herein, shall mature on December 14, 2007 (“Maturity”), and otherwise shall be in accordance with the Proposal, the terms of which are incorporated herein. A copy of the Proposal shall be placed in the records of the Issuer and filed with the Pennsylvania Department of Community and Economic Development.

12. This Ordinance shall take effect on the later of ten (10) days following enactment or seven (7) days following publication in summary form pursuant to the Issuer's Home Rule Charter.

COUNTY OF LACKAWANNA

Commissioner

Commissioner

Commissioner

ATTEST:

Chief of Staff

Approved as to form and legality:

County Solicitor

EXHIBIT "A"

\$10,700,000

LACKAWANNA COUNTY
COMMONWEALTH OF PENNSYLVANIA

ISSUER

Tax and Revenue Anticipation Note,
Series of 2007IGT

Lackawanna County, Commonwealth of Pennsylvania (the "Issuer"), for value received, hereby promises to pay to Mellon Bank, N.A. or assigns (the "Bank") the principal sum of \$10,700,000 (or such lesser amount as shall have been drawn hereunder and not repaid) on the 14th day of December, 2007, together with interest on said sum as and at the rate set forth below:

(a) in the event a draw hereunder is repaid before the close of the banking day on which the draw occurred, no interest shall be payable thereon. For purposes of this provision, the term "banking day" shall mean that period from 8:30 a.m. to 5:00 p.m. on any single day; and

(b) in the event a draw hereunder is not repaid before the close of the banking day on which the draw occurred, interest thereon shall accrue at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to (i) for each day on or prior to December 14, 2007, the sum of (A) 0.5% plus (B) the rate of interest announced by the Bank from time to time as its prime rate (the "Prime Rate"), such rate to change automatically effective with each change in the Prime Rate and (ii) for each day after December 14, 2007, the sum of (A) 2% plus (B) the Prime Rate.

Notwithstanding anything to the contrary set forth herein, in no event shall the interest rate on this Note exceed the lesser of: (i) 15% per annum or (ii) the maximum rate permitted by law.

Both the principal and interest on this Note shall be payable in lawful money of the United States of America at the principal office of Mellon Bank in Pittsburgh, Pennsylvania.

This Note constitutes a series of Tax and Revenue Anticipation Notes, Series of 2007IGT, authorized and issued in the principal amount outstanding at any one time of \$10,700,000 (the "Note") in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended (53 Pa.C.S. § 8001, *et seq.*; the "Act"), and pursuant to an ordinance (the "Ordinance") duly adopted by the governing body of the Issuer and filed, together with other required documents, with the Pennsylvania Department of Community and Economic Development. Reference is hereby made to the Act, the Ordinance and that Purchase Proposal from Bank to Issuer concerning purchase of this Note by Bank (the "Proposal") for a complete statement of the terms and conditions of draws hereunder and the rights and limitations of rights of a holder of the Note, all of which are hereby incorporated herein by reference and to all of which the holder hereof by acceptance of this Note assents.

This Note is issued under and in accordance with the Act, for the purpose of providing funds for current expense payable in the current fiscal year in anticipation of the receipt of taxes and other revenues by the Issuer from the date of original delivery of the Note to the stated maturity date thereof.

This Note is subject to prepayment prior to maturity at the option of the Issuer without premium or penalty.

This Note is secured by the pledge of, security interest in and a lien and charge on the taxes and other revenues of the Issuer specified in the Ordinance to be received during the period when the Note is outstanding. Such pledge, security interest, lien and charge have been perfected and are enforceable in the manner provided by the Act.

The principal amount may be borrowed in up to two drawings, provided that the principal amount outstanding at any one time shall not exceed \$10,700,000. The principal amount hereof shall be repaid as set forth in the Proposal, subject at all times to the limitations set forth in the Act.

