

COUNTY OF LACKAWANNA
Pennsylvania

Ordinance No. 185

Enacted: September 11, 2007

AN ORDINANCE DECLARING THE FUNDING OF A CAPITAL PROJECT AND A REFUNDING PROJECT FOR WHICH THE COUNTY DESIRES TO INCUR NONELECTORAL DEBT; AUTHORIZING THE INCURRING OF NONELECTORAL DEBT BY THE COUNTY FOR THE PURPOSE OF PROVIDING FUNDS TO FUND THE CAPITAL PROJECT AND TO REFUND ALL OR A PORTION OF CERTAIN OF THE COUNTY'S GENERAL OBLIGATION BONDS; DETERMINING THE AMOUNT OF DEBT TO BE INCURRED WITH RESPECT TO THE CAPITAL PROJECT TO BE \$21,090,000 AND WITH RESPECT TO THE REFUNDING PROJECT TO BE \$33,735,000; PROVIDING FOR THE EVIDENCING OF SUCH DEBT WITH RESPECT TO THE CAPITAL PROJECT AND THE REFUNDING PROJECT BY THE ISSUE OF TWO SERIES OF GENERAL OBLIGATION BONDS; AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE DEBT STATEMENT REQUIRED BY SECTION 8110 OF THE LOCAL GOVERNMENT UNIT DEBT ACT; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES A OF 2007 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$21,090,000 AND SERIES B OF 2007 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$33,735,000; PROVIDING FOR THE DATE, DESIGNATION, DENOMINATION, REGISTRATION, PLACE OF PAYMENT, NUMBERS, MATURITY AMOUNTS AND DATES, RATES OF INTEREST AND OTHER TERMS WITH RESPECT TO SAID BONDS; ADOPTING FORMS OF BONDS; AUTHORIZING THE OFFICERS OF THE COUNTY TO EXECUTE AND THE PAYING AGENT TO AUTHENTICATE SAID BONDS; ESTABLISHING REDEMPTION FEATURES; COVENANTING TO PAY THE DEBT SERVICE ON THE BONDS AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY FOR THE PAYMENT THEREOF; ESTABLISHING A SINKING FUND WITH RESPECT TO EACH SERIES OF BONDS; PROVIDING FOR A PAYING AGENT, REGISTRAR AND SINKING FUND DEPOSITORY; AUTHORIZING AND INSTRUCTING THE BANKING INSTITUTIONS WITH WHICH CERTAIN PROCEEDS OF THE BONDS ARE TO BE DEPOSITED TO MAIL OR CAUSE TO BE MAILED ANY NOTICES OF REDEMPTION NECESSARY IN CONNECTION WITH THE REFUNDING PROJECT; AUTHORIZING THE COUNTY TO ENTER INTO ANY ESCROW DEPOSIT AGREEMENTS NECESSARY IN CONNECTION WITH THE REFUNDING PROJECT; FINDING

County's outstanding General Obligation Bonds, Series A of 1999 (such portion being referred to as the "1999A Bonds" and, together with the 2004B Bonds and the 2004A Bonds, the "Bonds to be Refunded"); (4) the funding of any reserves reasonably required by any bond insurer; and (5) the payment of certain costs of issuance and bond insurance premiums; and

WHEREAS, in accordance with the Local Government Unit Debt Act (the "Debt Act"), being Act No. 185 of the General Assembly of the Commonwealth of Pennsylvania, approved July 12, 1972, as reenacted by Act No. 177 of 1996, approved December 19, 1996, as amended, the Board has determined that the estimated cost of the Capital Project is approximately \$21,090,000; and

WHEREAS, in accordance with Debt Act, the Board has determined that the estimated cost of the Refunding Project is approximately \$33,735,000; and

WHEREAS, the Board deems it in the best financial interest of the County to fund the Capital Project through the incurrence of nonelectoral debt pursuant to the Debt Act by issuing its General Obligation Bonds, Series A of 2007 (the "2007A Bonds") in the aggregate principal amount of \$21,090,000; and

WHEREAS, the Board deems it in the best financial interest of the County to fund the Refunding Project through the incurrence of nonelectoral debt pursuant to the Debt Act by issuing its General Obligation Bonds, Series B of 2007 (the "2007B Bonds" and, together with the 2007A Bonds, the "Bonds") in the aggregate principal amount of \$33,735,000; and

WHEREAS, the Board has determined that it is desirable and in the best interest of the County to sell the Bonds at private negotiated sale, as authorized by Section 8161(a) of the Act; and

WHEREAS, to reduce interest costs and to secure the payment of the principal of and interest on the 2007A Bonds for the benefit of the purchasers thereof, the County will acquire a municipal bond insurance policy from Ambac Assurance Corporation, a Wisconsin stock insurance corporation ("Ambac") guaranteeing the prompt payment of the principal of and interest on the 2007A Bonds when and as due.

Section 2. For the purpose of providing funds for and toward the payment of the costs (as such term is used in the Debt Act) of the Capital Project, including providing funds for and toward the payment of the cost of issuance and sale of the 2007A Bonds, the incurring of \$21,090,000 of nonelectoral debt by the County is hereby authorized. Such debt shall be evidenced by the issuance by the County of its "General Obligation Bonds, Series A of 2007" limited to \$21,090,000 in aggregate principal amount, such 2007A Bonds to be sold and delivered as hereinafter provided.

For the purpose of providing funds for and toward the payment of the costs (as such term is used in the Debt Act) of the Refunding Project, including providing funds for and toward the payment of the cost of issuance and sale of the 2007B Bonds, the incurring of \$33,735,000 of nonelectoral debt by the County is hereby authorized. Such debt shall be evidenced by the issuance by the County of its "General Obligation Bonds, Series B of 2007" limited to \$33,735,000 in aggregate principal amount, such 2007B Bonds to be sold and delivered as hereinafter provided.

Section 3. The Chair or Vice Chair of the Board and the Chief of Staff or Assistant Chief of Staff of the County, or any duly appointed successor to any thereof, as the case may be, are hereby authorized and directed to prepare, certify, verify and file with the Department of Community and Economic Development, in accordance with the Debt Act, the debt statement required by Section 8110 of said Act; and the Chair or Vice Chair and the Chief of Staff or Assistant Chief of Staff or, in the alternative, an independent certified public accountant selected by the Board for the issuance of the Bonds are hereby authorized and directed to prepare and execute a certificate stating the County's borrowing base, as such term is defined in the Debt Act, for submission to the Department of Community and Economic Development.

Section 4. The 2007A Bonds shall be designated as the County's "General Obligation Bonds, Series A of 2007," shall be issued in the denomination of \$5,000 each and integral multiples thereof, shall be in fully registered form, shall be dated as of October 1, 2007, and shall bear interest from such date, payable at the designated corporate trust office of the Paying Agent (as determined by

such Defaulted Interest and the Special Record Date therefor to be mailed, first-class mail, postage prepaid, by the Paying Agent to each Bondholder, at such Bondholder's address as it appears in the Bond Register, not less than ten (10) days prior to such Special Record Date, and may, in its discretion, cause a similar notice to be published once in a newspaper in each place where Bonds are payable, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

Subject to the foregoing provisions of this Section 4, each Bond delivered upon transfer of or exchange for or in lieu of any other Bond of the same series shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

At the option of the holder, Bonds may be exchanged for other Bonds of the same series of any authorized denomination, of a like aggregate principal amount, upon surrender of the Bonds to be exchanged at the principal office of the Registrar.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or shall be accompanied by a written instrument of transfer in form satisfactory to the County and the Paying Agent duly executed by the Bondholder or such holder's attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the County may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the County nor the Registrar on behalf of the County shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption under Section hereof and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption as a whole or in part.

Section 5. The 2007A Bonds shall mature on September 15 of the years and, in the amounts, and shall bear interest at the rates, all as follows:

of the Chair or Vice Chair of the Board, the County Controller and the County Treasurer and shall have the corporate seal of the County printed thereon, duly attested by the manual or facsimile signature of the Chief of Staff or Assistant Chief of Staff (or any acting Chief of Staff appointed for such purpose) and the said officers are hereby authorized to execute the Bonds as aforesaid, *provided* that all such Bonds shall be manually authenticated by the Paying Agent provided for in Section 10 hereof.

(b) Notwithstanding the foregoing provisions of Section 4, the Bonds of each series shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Bonds of each maturity of such series, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York.

Except as provided below, all of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC; *provided* that if DTC shall request in writing that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds of the same series registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the County or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds of the same series on the Bond Register in connection with discontinuing the book entry system as provided in paragraph (h) below or otherwise.

(c) So long as any Bonds are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to DTC or its nominee in accordance with the County's current Depository Trust Company Blanket Letter of Representations (the "Representations Letter"), on the dates provided for such payments under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the County or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of

(f) In connection with any notice or other communication to be provided to Bondholders pursuant to this Ordinance by the County or the Paying Agent with respect to any consent or other action to be taken by Bondholders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, *provided* that the County or the Paying Agent may establish a special record date for such consent or other action. The County or the Paying Agent shall give DTC notice of such special record date not less than fifteen (15) calendar days in advance of such special record date to the extent possible.

(g) The County has executed and delivered to DTC the Representations Letter pursuant to which the County has agreed to comply with the requirements stated in DTC's Operational Arrangements. The Paying Agent has also agreed to comply with the requirements stated in DTC's Operational Arrangements and any successor Paying Agent shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements stated in DTC's Operational Arrangements.

(h) The book-entry system for registration of the ownership of the Bonds may be discontinued at any time for either or both series of Bonds if either (1) after notice to the County and the Paying Agent, DTC determines to resign as securities depository for the Bonds, or (2) after notice to DTC and the Paying Agent, the County determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the County. In either of such events (unless in the case described in clause (2) above, the County appoints a successor securities depository), the Bonds of the applicable series shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of the County or the Paying Agent for the accuracy of such designation. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

The 2007B Bonds maturing on or after September 15, 2018 are subject to redemption prior to their respective stated dates of maturity, at the option of the County, as a whole or in part at any time, in such order of maturity as may be directed by the County and within any maturity by lot or by any other method deemed by the Paying Agent to be fair and appropriate, on or after September 15, 2017 at a redemption price of 100% of the principal amount of 2007B Bonds being redeemed, plus interest accrued to the redemption date.

The 2007A Bonds stated to mature on September 15 of the years 2027 and 2029 are subject to mandatory redemption prior to maturity at the principal amount thereof, plus interest accrued to the redemption date, in part, in order of maturity and within a maturity by lot or by any other method deemed by the Paying Agent to be fair and appropriate, on September 15 of the years 2023 through 2026, inclusive, and 2028, from moneys required by Section 10 hereof to be deposited for the purpose of such redemption in the sinking fund established under said Section 10 in accordance with the provisions of the form of 2007A Bonds set forth in Appendix I hereto.

The 2007B Bonds stated to mature on September 15 of the years 2027 and 2029 are subject to mandatory redemption prior to maturity at the principal amount thereof, plus interest accrued to the redemption date, in part, in order of maturity and within a maturity by lot or by any other method deemed by the Paying Agent to be fair and appropriate, on September 15 of the years 2023 through 2026, inclusive, and 2028, from moneys required by Section 10 hereof to be deposited for the purpose of such redemption in the sinking fund established under said Section 10 in accordance with the provisions of the form of 2007B Bonds set forth in Appendix II hereto.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized

registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company of New York, New York and the Midwest Securities Trust Company of Chicago, Illinois) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Financial Information, Inc.'s "Daily Called Bond Service", Kenny Information Service's "Called Bond Service", Moody's "Municipal and Government", and Standard & Poor's "Called Bond Record"). Such further notice shall contain the information required in the notice to Bondholders. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Bondholders as prescribed above.

If at the time of mailing notice of redemption the County shall not have deposited with the Paying Agent for the Bonds moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice provided for such redemption (with due endorsement by, or a written instrument of transfer in form and with guaranty of signature satisfactory to the County and the Paying Agent duly executed by, the holder thereof or his attorney duly authorized in writing) and the County shall execute and the Paying Agent shall authenticate and deliver to the holder of such Bond without service charge, a new Bond or Bonds of the same series, of any authorized denomination as requested by such holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 8. Except as provided in Section 4 hereof with respect to any tax or other governmental charge payable in connection with a transfer of Bonds, the principal of and interest on the Bonds shall be payable without deduction of, and the County assumes and agrees to pay, any tax or

<u>Payment Date (September 15)</u>	<u>Redemption Amount</u>	<u>Payment Date (September 15)</u>	<u>Redemption Amount</u>
2023	\$1,135,000	2027*	\$1,380,000
2024	1,195,000	2028	1,450,000
2025	1,255,000	2029*	1,525,000
2026	1,315,000		

* Maturity

(b) There is hereby established a sinking fund to be known as “Sinking Fund, County of Lackawanna, General Obligation Bonds, Series B of 2007,” into which the County covenants to deposit, and into which the Treasurer is hereby authorized and directed to deposit, no later than 11:00 a.m. on March 15 of the years 2008 through 2029, inclusive, and September 15 of the years 2008 through 2029, inclusive (each of such dates being hereinafter called a “Payment Date”), an amount sufficient to pay (i) the interest due on 2007B Bonds on that Payment Date; and (ii) the principal of any 2007B Bonds maturing on that Payment Date and not previously called for redemption, as provided in the Debt Service Schedule contained in Appendix III hereto; and (iii) on the Payment Dates shown in the tables below, the redemption amount for the respective date, viz:

<u>Payment Date (September 15)</u>	<u>Redemption Amount</u>	<u>Payment Date (September 15)</u>	<u>Redemption Amount</u>
2023	\$1,815,000	2027*	\$2,205,000
2024	1,905,000	2028	2,315,000
2025	2,000,000	2029*	2,430,000
2026	2,100,000		

* Maturity

(c) The Sinking Fund Depository designated in Section 11 hereof is hereby directed to call for redemption on each date shown in the above tables (except maturity dates as indicated) a principal amount of Bonds equal to the redemption amount shown in the table for such date, the particular Bonds to be redeemed to be selected by the Depository in accordance with Section 7 hereof and the terms of such redemption recited in the form of Bond set forth in Appendix I or II, as applicable; *provided that*

in each instance, as Sinking Fund Depository, Paying Agent and Registrar with respect to the either or both series of Bonds.

Any financial institution 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 financial institution or association resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any financial institution 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 agent hereunder, without the execution of filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 12. The County hereby covenants with the holders from time to time of the Bonds that it will neither make nor permit to be made any investment or other use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the rules and regulations thereunder, and that it will comply with the requirements of said Section and the rules and regulations throughout the term of the Bonds. The City further covenants that it will comply with the requirements of the Code that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes.

The Chair or Vice Chair of the Board (or his delegate) and the Chief of Staff or Assistant Chief of Staff, and their respective successors, shall execute on behalf of the County an arbitrage certificate for the purpose of assuring the purchasers of the Bonds that the Bonds herein authorized are not "arbitrage bonds" within the meaning of Section 148 of the Code and regulations proposed or promulgated thereunder. Such certificate shall constitute a certificate and representation of the County and no investment shall be made of the proceeds of the Bonds in violation of the expectations expressed in said arbitrage certificate.

requirements of Section 14 of this Ordinance, for the purchase at private negotiated sale of \$21,090,000 principal amount of the 2007A Bonds and \$33,735,000 principal amount of the 2007B Bonds at an aggregate price of \$56,483,706.65, representing the principal amount of the Bonds less an underwriting discount of \$383,775.00, plus net original issue premium of \$2,042,481.65, plus accrued interest on the Bonds to their date of delivery, is hereby accepted and the Bonds are hereby awarded to the Purchasers.

The Chair or Vice Chair of the Board and Chief of Staff or Assistant Chief of Staff of the County are hereby authorized to execute and deliver the bond purchase proposal and the Chief of Staff or Assistant Chief of Staff of the County is hereby directed to notify the Purchasers of such action and to file a copy of said bond purchase proposal with the minutes of the Board. The Chair or Vice Chair of the Board are hereby authorized to deliver the Bonds to the Purchasers upon receipt of the aforesaid purchase price and upon compliance with all conditions precedent to such delivery required by the Debt Act, this Ordinance and said proposal, and are further authorized or directed to pay costs of financing at the time of delivery of the Bonds; *provided* that the total of such costs not exceed the amount of Bond proceeds available therefor; and execute such other closing documents as are necessary or appropriate, in the opinion of counsel, to effectuate settlement on the Bonds, including a Final Official Statement, with such changes as the County and Purchasers shall approve, in substantially the form as the Preliminary Official Statement previously circulated and presented to this meeting, which form is hereby ratified, confirmed and approved.

(b) The Preliminary Official Statement is (as of its date) deemed final within the meaning of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, as amended, except for the omission of no more than the yields or offering prices, interest rates, selling compensation, aggregate principal amount and other terms depending on such matters. The Purchasers are hereby authorized to distribute copies of the Official Statement, as finally executed, to persons who may be interested in the purchase of the Bonds and are directed to deliver such copies to all actual purchasers of the Bonds.

(10) Release, substitution or sale of property securing repayment of the securities; or

(11) Rating changes.

(c) In a timely manner, it shall give to the Paying Agent, each NRMSIR (as defined below) or the MSRB and to the SID (as defined below), if any, notice of any failure by the County to provide any information required pursuant to subsection (a) above within the time limit specified therein.

(d) It shall send to the Paying Agent:

(1) Copies of any information delivered to each NRMSIR (as defined below) and the SID (as defined below), if any, pursuant to subsection (a) or (b) above; and

(2) Concurrently with the delivery of any information required pursuant to subsection (a) or (b) above, a certificate signed by an authorized officer or official of the County that it has filed such information with each NRMSIR (as defined below) and the SID (as defined below), if any.

(e) The provisions of subsections (a), (b), (c) and (d) above shall be for the benefit of the registered holders and beneficial owners of the Bonds and shall be irrevocable so long as the Bonds remain outstanding; *provided*, however, that remedies available to any Bondholder or beneficial owner for breach of the provisions of subsections (a), (b), (c) and (d) above shall be limited to a mandamus action for specific performance brought in the Lackawanna County Court of Common Pleas as provided in the Debt Act and no other remedies provided in the Debt Act shall be applicable.

(f) It may modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary as a result of a change in legal requirements or change in the nature of the County; *provided* that any such modification will be done in a manner consistent with SEC Rule 15c2-12, as amended, and either (i) will not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders of the Bonds, or (ii) is approved by the holders of a majority in aggregate principal amount of the Bonds.

to reflect the terms and conditions set forth in such commitments. . The 2007A Bonds are to be insured by Ambac. The 2007B Bonds are to be insured by FSA.

Section 18. All prior resolutions, ordinances or parts thereof inconsistent herewith are hereby repealed.

Section 19. This Ordinance shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Section 20. The forms of the Bonds with such amendments and additions as may be required by the applicable Bond Insurer, the form of the Paying Agent's Certificate of Authentication upon the Bonds, the Debt Service Schedule with respect to the Bonds and the Letter of Representations to DTC, shall be substantially as set forth in the appendices hereto, the terms and conditions set forth in such form, schedule and letter being hereby incorporated by reference and adopted as if fully recited at length herein and said form, schedule and letter are hereby approved.

ORDAINED AND ENACTED this 11th day of September, 2007

By: _____
(Vice) Chair, Board of County Commissioners

[COUNTY SEAL]

Attest:

By: _____
Controller

By: _____
(Assistant) Chief of Staff

By: _____
Treasurer

registered holder on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent referred to below, notice whereof shall be given to Bondholders not less than ten (10) days prior to such Special Record Date. Interest shall be paid by check drawn upon Manufacturers & Traders Trust Company, Harrisburg, Pennsylvania (the "Paying Agent") or any duly appointed alternate or successor paying agent, and mailed to the person entitled thereto at such owner's address as it appears on the Bond registry book of the County (the "Bond Register") maintained by the Paying Agent. Principal shall be paid, upon surrender hereof, at the principal corporate trust office of the Paying Agent, or at the duly designated office of any duly appointed alternate or successor paying agent, 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, and, except as provided below with respect to any tax or governmental charge payable in connection with a transfer hereof, without deduction of, and the County assumes and agrees to pay, any tax or taxes which the County or the Treasurer thereof may be required to pay thereon or retain therefrom under any present or future law of the Commonwealth of Pennsylvania except gift, succession or inheritance taxes.

This Bond is one of a series, which series has been approved by the Department of Community and Economic Development of the Commonwealth of Pennsylvania, of general obligation bonds of like date, amount and tenor, but differing as to maturity, rate of interest and provision for redemption, in the aggregate principal amount of \$21,090,000 in accordance with the Local Government Unit Debt Act, Act No. 185 of the 1972 General Assembly of the Commonwealth of Pennsylvania, approved July 12, 1972, as reenacted by Act No. 177 of 1996, approved December 19, 1996, as amended, and by virtue of an Ordinance, the terms of which are incorporated herein, of the Board of County Commissioners of the County of Lackawanna (the "Ordinance") duly enacted on September 11, 2007, and the sworn statement of the duly authorized officers of the County filed with the Department of Community and Economic Development.

Sinking Fund, County of Lackawanna, General Obligation Bonds, Series A of 2007, established pursuant to the terms of the Ordinance.

Any redemption under the preceding paragraphs shall be made as provided in the Ordinance upon not less than thirty (30) days' notice by first-class mail, postage prepaid. In connection with any such notice of redemption, the CUSIP numbers assigned to the Bonds being called for redemption may be used, but reliance may be placed only on the identification number printed hereon. In the event that less than the full principal amount hereof shall have been called for redemption, the registered owner hereof shall surrender this Bond in exchange for one or more Bonds in aggregate principal amount equal to the unredeemed portion of principal as provided in the Ordinance.

It is hereby certified that all acts, conditions and things required to be done, have happen or be performed precedent to and in the issuance of this Bond or in the creation of the debt of which this is evidence, have been done, have happened and been performed in regular and due form and manner as required by law, and that the debt represented by this Bond is not in excess of any constitutional or statutory limitation, and for the prompt payment of all the obligations of this Bond the full faith, credit and taxing power of the County are hereby irrevocably pledged.

As provided in the Ordinance and subject to certain limitations therein set forth, this Bond is transferable by the registered holder hereof as shown on the Bond Register of the County, upon surrender of this Bond for transfer to the principal office of the Paying Agent duly endorsed by, or accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the County and the Paying Agent, duly executed by the registered holder hereof or such holder's attorney duly authorized in writing, and thereupon one or more new registered Bonds, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such transfer, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection herewith.

The County, the Paying Agent and any agent thereof may treat the person in whose name this Bond is registered as the absolute owner hereof for all purposes, whether or not this Bond shall be

IN WITNESS WHEREOF, the County of Lackawanna has caused this Bond to be signed in its name by the manual or facsimile signature of the Chair or Vice Chair of the Board of County Commissioners and its corporate seal or a facsimile thereof to be hereunto affixed, duly attested by the manual or facsimile signature of the Chief of Staff or Assistant Chief of Staff of the County of Lackawanna.

By: _____
(Vice) Chair, Board of County
Commissioners

[COUNTY SEAL]

Attest:

By: _____
Controller

By: _____
(Assistant) Chief of Staff

By: _____
Treasurer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. _____ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

APPENDIX II
FORM OF 2007B BOND

NO. RB-____

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF LACKAWANNA

GENERAL OBLIGATION BOND, SERIES B OF 2007

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
[]%	September 15, []	October 1, 2007	505480 []

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The County of Lackawanna, Pennsylvania (the "County"), for value received, promises to pay to the Registered Owner hereof, or registered assigns, on the Maturity Date specified above, unless this Bond shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, the Principal Amount specified above and to pay interest thereon from the Dated Date above, or from the most recent interest payment date to which interest has been paid or duly provided for, until payment of said Principal Amount has been made or provided for, at the interest rate per annum specified above, on March 15 and September 15 in each year commencing March 15, 2008. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Ordinance referred to below, be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be the last day (whether or not a business day) of the calendar month next preceding such interest payment date. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Any

The proceeds of the Bonds are to be used to (i) refund, on a current basis, all of the County's outstanding General Obligation Bonds, Series B of 2004; (ii) refund, on a current basis, a portion of the County's outstanding General Obligation Bonds, Series A of 2004; (iii) refund, on a current basis, a portion of the County's outstanding General obligation Bonds, Series A of 1999; (iv) to fund any required reserves; and (v) pay the costs of issuance. Simultaneously with the issuance of the Bonds, the County has issued \$21,090,000 in aggregate principal amount of its General Obligation Bonds, Series A of 2007, the proceeds of which are to be used to (i) pay the costs of certain capital improvements to the County's courthouse and trolley museum, the County's allocable share of certain capital improvements to the Wilkes-Barre Scranton International Airport and the County of Lackawanna Transportation System building, certain systems upgrades, equipment and vehicles used at the County's prison, and other miscellaneous capital projects and equipment located within the County; (ii) to fund any required reserves; and (iii) pay the costs of issuance.

OPTIONAL REDEMPTION

The Bonds maturing on or after September 15, 2018 are subject to redemption prior to their respective stated dates of maturity, at the option of the County, as a whole or in part at any time, in such order of maturity as may be directed by the County and within any maturity by lot or by any method deemed by the Paying Agent to be fair and appropriate, on or after September 15, 2017 at a redemption price of 100% of the principal amount of Bonds being redeemed, plus interest accrued to the date of redemption.

MANDATORY REDEMPTION

The Bonds stated to mature on September 15 of the years 2027 and 2029 are subject to mandatory redemption prior to maturity at the principal amount thereof, plus interest accrued to the redemption date, in part, in order of maturity and within a maturity by lot or by any other method deemed fair and appropriate by the Paying Agent, on September 15 of the years 2023 through 2026, inclusive, and 2028, from moneys required by the Ordinance to be deposited for the purpose of such redemptions in the

overdue, and neither the County, the Paying Agent, nor any such agent shall be affected by notice to the contrary.

The Bonds are issuable only in the form of registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Upon payment of any required tax, fee or other governmental charge, and subject to the conditions provided in the Ordinance, Bonds are exchangeable at the principal office of the Paying Agent for a like aggregate principal amount of registered Bonds of the same maturity and interest rate of any other authorized denomination, as requested by the holder surrendering the same.

This Bond shall not be entitled to any security or benefit hereof nor be valid or become obligatory for any purpose unless the certificate of authentication hereon has been duly executed by the Paying Agent.

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated herein and described in the within-mentioned Ordinance. Attached hereto is the complete text of the opinion of Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania, an executed counterpart of which, dated the date of delivery of and payment for the series of Bonds of which this is one, is on file with the undersigned.

MANUFACTURERS & TRADERS TRUST
COMPANY, Paying Agent

By _____
Authorized Signatory

Date of Authentication:

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- | | | |
|-----------|--|--|
| TEN COM - | as tenants in common | UNIF GIFT/TRAN MIN ACT - _____
(Cust.) |
| TEN ENT - | as tenants by the entireties | Custodian for _____
(Minor) |
| JT TEN - | as joint tenants with right of survivorship and not as tenants in common | under Uniform Gifts or Transfers to Minors Act of _____
(State) |

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Bond on the Bond Register, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signatures must be guaranteed by a member of an approved Signature Guarantee Medallion Program

Notice: The Assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular without alteration or any change whatever.

END OF FORM OF 2007B BOND

Annual Debt Service	Term Bonds	Term Bonds	10/01/07	10/11/07	Dated:	Settlement:
10,025,000.00	09/15/27	Term Bonds	10/01/07	10/11/07	Dated:	Settlement:
4,745,000.00	09/15/29	Term Bonds				

Payment Date	Par Amount	Coupon (%)	Price (%)	YTM (%)	Proceeds	Interest	Debt Service	Annual Debt Service
03/15/08	550,000	4.000	100.377%	3.580	552,073.50	725,843.50	725,843.50	2,072,501.00
03/15/09	980,000	4.000	100.736%	3.600	987,212.80	785,657.50	785,657.50	2,551,315.00
03/15/10	1,020,000	4.000	101.072%	3.610	1,030,934.40	765,057.50	766,057.50	2,552,115.00
03/15/11	1,065,000	4.000	101.359%	3.625	1,079,473.35	745,657.50	745,657.50	2,556,315.00
03/15/12	1,105,000	4.000	101.608%	3.640	1,122,768.40	724,357.50	724,357.50	2,553,715.00
03/15/13	1,150,000	5.000	107.079%	3.660	1,231,408.50	702,257.50	702,257.50	2,554,515.00
03/15/14	1,205,000	5.000	107.877%	3.700	1,299,917.85	673,507.50	673,507.50	2,552,015.00
03/15/15	1,265,000	5.000	108.572%	3.740	1,373,435.80	643,382.50	643,382.50	2,551,765.00
03/15/16	1,330,000	5.000	109.010%	3.800	1,449,833.00	611,757.50	611,757.50	2,553,515.00
03/15/17	1,395,000	3.750	99.016%	3.870	1,381,273.20	578,507.50	578,507.50	2,552,015.00
03/15/18	1,450,000	4.000	99.646%	4.040	1,444,867.00	552,351.25	552,351.25	2,554,702.50
03/15/19	1,505,000	4.050	99.064%	4.150	1,490,913.20	523,351.25	523,351.25	2,551,702.50
03/15/20	1,570,000	5.000	107.276%	4.262	1,684,233.20	492,875.00	492,875.00	2,555,750.00
03/15/21	1,645,000	5.000	106.855%	4.339	1,757,764.75	453,625.00	453,625.00	2,552,250.00
03/15/22	1,730,000	5.000	106.436%	4.407	1,841,342.80	412,500.00	412,500.00	2,555,000.00
03/15/23	1,815,000	5.000	104.862%	4.624	1,903,245.30	369,250.00	369,250.00	2,553,500.00
03/15/24	1,905,000	5.000	104.862%	4.624	1,997,621.10	323,875.00	323,875.00	2,552,750.00
03/15/25	2,000,000	5.000	104.862%	4.624	2,097,240.00	276,250.00	276,250.00	2,552,500.00
03/15/26	2,100,000	5.000	104.862%	4.624	2,202,102.00	226,250.00	226,250.00	2,552,500.00
03/15/27	2,205,000	5.000	104.862%	4.624	2,312,207.10	173,750.00	173,750.00	2,552,500.00
03/15/28	2,315,000	5.000	104.535%	4.667	2,419,985.25	118,625.00	118,625.00	2,552,250.00
03/15/29	2,430,000	5.000	104.535%	4.667	2,540,200.50	60,750.00	60,750.00	2,551,500.00
09/15/29	33,735,000				35,200,053.00	21,951,691.00	55,686,691.00	55,686,691.00