

EMERGENCY ORDINANCE #186

September 25, 2007

AUTHORIZING THE ADOPTION OF AN EMERGENCY ORDINANCE FOR 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; FINDING THAT THE ADOPTION OF THIS EMERGENCY ORDINANCE IS NECESSARY FOR THE PROTECTION OF THE PUBLIC WELL-BEING; 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; and

WHEREAS, the completion of this borrowing by the County prior to October 1, 2007, is necessary to avoid the loss of Federal financial participation (FFP) dollars for Medical Assistance services provided to inhabitants of the County in effect in the current Federal fiscal year which ends September 30, 2007; and

WHEREAS, the potential loss of this FFP poses an immediate threat to the life, health and/or property of the inhabitants of the County;

11. All ordinances or parts of ordinances inconsistent herewith are hereby repealed.

12. The Commissioners find that the adoption of this Ordinance as an emergency ordinance is necessary for the protection of public well-being and that the potential loss of currently available FFP for Medical Assistance services for the inhabitants of the County poses an immediate threat to the life, health and/or property of the inhabitants of the County.

13. This emergency Ordinance shall take effect immediately.

COUNTY OF LACKAWANNA

ROBERT C. CORDARO

A. J. MUNCHAK

MICHAEL J. WASHO

ATTEST:

PAUL D. TARAMELLI
CHIEF OF STAFF

Approved as to form and legality:

ELAINE C. GEROULO, ESQUIRE
COUNTY SOLICITOR