

**RESOLUTION R-2017-113  
LUZERNE COUNTY COUNCIL**

AUTHORIZING THE ISSUANCE OF TAX AND REVENUE ANTICIPATION NOTES, SERIES OF 2018 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000); PROVIDING FOR THE DATED DATE, INTEREST RATE, MATURITY DATE, REDEMPTION PROVISIONS, PAYMENT AND PLACE OF PAYMENT IN RESPECT OF THE NOTES; ACCEPTING THE PROPOSAL ATTACHED HERETO AS EXHIBIT "C" FROM THE PURCHASER NAMED HEREIN FOR THE PURCHASE OF THE NOTES; NAMING A SINKING FUND DEPOSITORY/PAYING AGENT; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO EXECUTE AND DELIVER THE NOTES AND CERTAIN OTHER DOCUMENTS AND CERTIFICATES IN CONNECTION THEREWITH; AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING OF THE NECESSARY DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA; SETTING FORTH A FORM OF THE NOTES.

WHEREAS, the County of Luzerne, Pennsylvania (the "County"), anticipates receiving taxes and other revenues during the fiscal year ending December 31, 2018, which taxes and other revenues are currently uncollected; and

WHEREAS, the County has estimated, on a monthly basis, its expected taxes, revenues and expenditures for the fiscal year ending December 31, 2018, and has determined that during a portion of such fiscal year it will experience a "cumulative cash flow deficit" as such phrase is defined in the regulations promulgated under Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the County has determined to borrow monies for the purpose of funding, in part, such cumulative cash flow deficit by issuing notes to be repaid from the anticipated taxes and revenues, all in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act 53 Pa.C.S., Chapters 80-82, as reenacted and amended (the "Debt Act"); and

WHEREAS, the County has received an acceptable proposal from Citigroup Global Markets Inc. (the "Purchaser") for the purchase of its Tax and Revenue Anticipation Notes as hereinafter described; and

WHEREAS, as required by Section 8126 of the Debt Act, officials of the County have heretofore made an estimate of the taxes and revenues to be received during the fiscal year ending December 31, 2018 (the "Estimate"), and, by their execution of a certificate with respect thereto attached hereto as Exhibit "A" (the "Certificate"), have certified to such Estimate.

NOW, THEREFORE, BE IT RESOLVED by the Council of the County of Luzerne, Pennsylvania (the "Council"), in lawful session duly assembled, as follows:



Section 1. For the reasons and purposes recited above, the County hereby exercises its power and authority to borrow money and authorizes the issuance and sale of its Tax and Revenue Anticipation Notes, Series of 2018, in an aggregate principal amount not to exceed Seventeen Million Dollars (\$17,000,000) to be substantially in the form attached hereto as Exhibit "B" (the "Notes") in anticipation of the receipt of current taxes and revenues to be received during the fiscal year ending December 31, 2018 as provided in the Certificate, such Notes to be issued, sold and delivered as hereinafter provided.

Section 2. The Chair or Vice-Chair of the Council of the County or the County Manager, attested by the Clerk or Interim Clerk of the Council of the County, is hereby authorized and directed, in the name and on behalf of the County, to prepare and file with the Department of Community and Economic Development of the Commonwealth of Pennsylvania a certified copy of this Resolution, the Certificate setting forth the Estimate and a true copy of the accepted Proposal (as hereinafter defined) for the purchase of the Notes, all as set forth in and required by Section 8128 of the Debt Act. The Chair or Vice-Chair of the Council of the County or the County Manager, attested by the Clerk or Interim Clerk of County Council, is also hereby authorized and directed, in the name and on behalf of the County, to prepare and verify a certificate, in accordance with Sections 103 and 148 of the Code and the regulations applicable thereto, setting forth the anticipated use of the proceeds, to prepare and deliver to the Purchaser of the Notes the certificate required by Section 8127 of the Debt Act relating to the total amount of the County's tax and revenue anticipation notes outstanding on the date of delivery of the Notes, and to take any and all other action, and to execute and deliver any and all other documents and instruments, as may be necessary, proper or desirable to effect the issuance and sale of the Notes as contemplated herein. The certification made on or prior to the date of adoption of this Resolution by the aforementioned officials of the County, relating to the Estimate, is hereby ratified and approved.

Section 3. The Notes shall be designated "County of Luzerne, Pennsylvania, Tax and Revenue Anticipation Notes, Series of 2018" (or such other designation as selected by the Chair or Vice-Chair of Council of the County or the County Manager), shall be issued as physical certificates in registered form, without coupons, in authorized denominations as set forth in the Proposal, shall be dated and shall bear interest at the rate of interest set forth in the Proposal, shall mature and be subject to redemption prior to maturity as set forth in the Proposal, and shall be payable as to principal and interest at the place and in the manner all as set forth in the Form of Note attached as Exhibit "B" hereto and the Proposal attached as Exhibit "C" hereto.

Section 4. The Notes shall be executed in the name and on behalf of the County by the Chair or Vice-Chair of Council of the County or the County Manager, shall have the corporate seal of the County affixed thereto, and shall be duly attested by the Clerk or Interim Clerk of Council of the County. The Chair or Vice-Chair of Council of the County or the County Manager is further authorized and directed to deliver the Notes to the Purchaser hereinafter named upon the terms and conditions hereinafter provided in the Proposal and the Notes, and to execute and deliver such other documents and instruments, attested to by the Clerk or Interim Clerk of Council of the County, and to take such other action as may be necessary or appropriate to effect the issuance and sale of the Notes in accordance with this Resolution, the Debt Act, the Proposal and the Notes, and as required by Bond Counsel (as defined below).



The Notes shall initially be issued in the form of one fully-registered Note for the aggregate principal amount of the Notes, which Notes shall be registered in the name of the Purchaser or Cede & Co., as nominee of The Depository Trust Company ("DTC"), as directed by the Purchaser. The Notes issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Notes shall be registered in the registration books kept by the Paying Agent in the name of the Purchaser or Cede & Co., as nominee of DTC; provided that if DTC shall request that the Notes be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Notes for an equal aggregate principal amount of Notes registered in the name of such nominee or nominees of DTC. No person other than the Purchaser or DTC or its nominee shall be entitled to receive from the County or the Paying Agent either a Note or any other evidence of ownership of the Notes, or any right to receive any payment in respect thereof unless the Purchaser or DTC or its nominee shall transfer record ownership of all or any portion of the Notes on the registration books maintained by the Paying Agent.

So long as the Notes are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price, if any, of or interest on such Notes shall be made to DTC or its nominee. 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 Notes to the extent of the sum or sums so paid.

So long as the Notes are registered in the name of DTC or any nominee thereof, the County and the Paying Agent shall treat DTC (or its nominee) as the sole and exclusive registered owner of the Notes registered in its name for the purposes of payment of the principal or redemption price of or interest on the Notes, selecting the Notes or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of the Notes, registering the transfer of the Notes, obtaining any consent or other action to be taken by registered owners of the Notes and for all other purposes whatsoever; and neither the County nor the Paying Agent shall be affected by any notice to the contrary. Neither the County nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Notes under or through DTC or any such participant, or any other person which is not shown on the registration books of the Paying Agent as being a registered owner, with respect to: (1) the Notes; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Notes; (4) any notice which is permitted or required to be given to registered owners of the Notes; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Notes; or (6) any consent given or other action taken by DTC as the registered owner of the Notes.

So long as the Notes are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of the Notes under this Resolution shall be given to DTC.



In connection with any notice or other communication to be provided to registered owners of the Notes pursuant to this Resolution by the County or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Notes, 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 10 calendar days in advance of such special record date to the extent possible.

The book-entry system for registration of the ownership of the Notes may be discontinued at any time if: (1) after notice to the County and the Paying Agent, DTC determines to resign as securities depository for the Notes; 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 or the beneficial owners of the Notes. In any such event, unless the County appoints a successor securities depository, the Notes 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 written notice to arrange for another securities depository to maintain custody of certificates evidencing the Notes.

Section 5. The Notes, when issued, together with any other tax and revenue anticipation notes issued by the County during fiscal year 2018, will be general obligations of the County secured by a pledge of, security interest in, and a lien and charge on, the taxes and other revenues to be received by the County during the period when the Notes are outstanding; and the Chair or Vice-Chair of Council of the County is hereby authorized and directed to prepare and file, or to have filed by Bond Counsel, such financing statements as may be necessary to fully perfect such pledge, security interest, lien and charge pursuant to the Pennsylvania Uniform Commercial Code and Section 8125 of the Debt Act.

Section 6. The County hereby covenants that it will not make any use of the proceeds of the Notes or do or suffer any other action which, if such use or action had been reasonably expected on the date of issuance of the Notes, would cause the Notes to be "arbitrage bonds" or "private activity bonds" as such terms are defined in Section 148 or Section 141 of the Code and the regulations applicable thereto and further covenants that it will comply with Section 148 and Section 141 of the Code, and with any regulations applicable thereto, throughout the term of the Notes, including without limitation, any requirements relating to a rebate of certain excess earnings pursuant to Section 148(f) of the Code or any regulations applicable thereto now existing or promulgated hereafter. In connection therewith, the Chair or Vice-Chair of Council of the County or the County Manager, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to execute and to deliver, in the name and on behalf of the County, any and all documents or other instruments which Saul Ewing Arnstein & Lehr LLP, as Bond Counsel ("Bond Counsel"), may reasonably request to provide its opinion that the Notes are not "arbitrage bonds" or "private activity bonds" within the meaning of Section 148 and Section 141 of the Code and the regulations applicable thereto.





Section 7. The County hereby accepts the Note Purchase Proposal of Citigroup Global Markets Inc. (the "Purchaser") attached hereto as Exhibit "C", to be dated the date of adoption of this Resolution (as supplemented by the Addendum hereinafter described, the "Proposal"), for the sale of the Notes at private sale by negotiation, and the Notes are hereby awarded to the Purchaser for an aggregate purchase price not less than the aggregate par amount of the Notes issued by the County, plus accrued interest, if any, from the date of the Notes to the date of delivery thereof. A copy of the Proposal, as presented to the County and accepted by this Resolution, is incorporated herein by reference and shall be attached to this Resolution as Exhibit "C" and maintained with the minutes of this meeting. The Chair or Vice-Chair of Council of the County or the County Manager, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to accept the Proposal, in the name of and on behalf of the County, by executing the County's acceptance on an original copy of the Proposal, to deliver a fully executed and completed copy of the same to the Purchaser and to file the original with the records of the County. Upon final pricing of the Notes, the Purchaser will present to the County an addendum or confirmation to the Proposal for the Notes setting forth the final terms and conditions of the Notes, including the final maturity date, principal amount, interest rate, redemption provisions and purchase price for the Notes (the "Addendum"). As long as the terms and conditions set forth in the Addendum satisfy the parameters set forth in this Resolution, the Chair or Vice-Chair of Council of the County or the County Manager, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to accept and execute the Addendum in the name of and on behalf of the County. The Chair or Vice-Chair of Council of the County or the County Manager is hereby authorized to deliver the Notes to the Purchaser upon receipt of the purchase price thereof and in compliance with all conditions precedent to such delivery as required by the Debt Act, this Resolution, the Proposal and the Notes; and the Chair or Vice-Chair of Council of the County or the County Manager, attested by the Clerk or Interim Clerk of Council of the County, is hereby authorized and directed to prepare, verify and deliver to the Purchaser concurrently with the delivery of the Notes, the Certificate required by Section 8127 of the Debt Act, a copy of which certificate shall be retained with the records of the County until the Notes have been paid in full.

Section 8. The Notes shall be in substantially the form set forth and attached hereto as Exhibit "B," which form is hereby incorporated by reference and adopted as if fully recited at length herein and said form is hereby approved by this Council, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, interest rate, principal amount and redemption provisions of the Notes as specified to the County in the Proposal and such other changes as the Chair or Vice-Chair of Council of the County or the County Manager may approve upon advice of the Solicitor of the County, such approval to be evidenced by such officer's execution and delivery of the Notes.



Section 9. The proper officers of the County are hereby authorized, empowered and directed to contract with Manufacturers and Traders Trust Company, or such other bank or bank and trust company authorized to do business in the Commonwealth of Pennsylvania, as may be selected by the County Manager upon delivery of the Notes in accordance with this Resolution (the "Paying Agent"), for its services as paying agent and sinking fund depository in accordance with the terms and conditions of the Proposal, this Resolution and the Act. The County covenants that there shall be and there is hereby established and that it shall hereafter maintain a sinking fund to be held by the Paying Agent (or such substitute or successor Paying Agent which shall hereafter be appointed in accordance with the provisions of the Act) in the name of the County, but subject to withdrawal only by the Paying Agent. The County covenants and agrees to deposit in the sinking fund, not later than each principal or interest payment date, the debt service payable on the Notes on such dates, or such greater or lesser amount as at the time shall be sufficient to pay principal of and interest on the Notes becoming due on each such date. The County Director of Budget and Finance or other proper officer of the County is hereby authorized and directed to make deposits into the sinking fund to be held for the payment of principal and interest on the Notes as provided in the Notes.

Deposit by the County into the sinking fund of the amount of good funds necessary to pay the Notes in full shall satisfy in full the obligation of the County to pay principal and interest with respect to the Notes.

Pending application to the purposes for which the sinking fund is established, the Chair or Vice Chair of Council of the County or other appropriate officer is hereby authorized and directed to cause the monies therein to be invested or deposited and insured or secured as permitted and required by Section 8224 of the Act. All income received on such deposits or investments of monies in said sinking fund during each applicable period shall be added to the sinking fund and shall be credited against the deposit next required to be made to the sinking fund.

The Paying Agent is hereby authorized and directed, without further action by the County, to pay from the sinking fund, the principal of and interest on the Notes as the same shall become due and payable in accordance with the terms thereof, and the County hereby covenants that such monies, to the extent required, will be applied to such purposes.

Section 10. For purpose of satisfying United States Securities and Exchange Commission Rule 15c2-12, the County shall, in a certificate executed by the Chair or Vice Chair of Council of the County or the County Manager, approve and deem final a Preliminary Official Statement prepared for the Notes at the time of sale. A final Official Statement, substantially in the form of the Preliminary Official Statement and containing the terms of the Notes, shall be prepared and delivered to the Purchaser within seven (7) business days from the date of the Addendum to the Proposal, and the County hereby approves the execution thereof, as well as any amendments or supplements thereto, by the Chair or Vice Chair of Council of the County or the County Manager and the use thereof in connection with the public offering and sale of the Notes.



Section 11. The proper officers of the County are hereby authorized, individually or jointly, to do any and all things necessary to effectuate the issuance, execution, delivery and sale of the Notes, including the execution and delivery of any and all additional documents, representations, declarations, note purchase agreements, loan agreements, reimbursement agreements, security agreements, intercreditor agreements, sinking fund agreements, pledge agreements, escrow agreements, assignments, financing statements, tax and other certificates, authorizations, contracts, agreements, insurance binders and other papers as may be necessary to effectuate any of the foregoing or as may be required by Bond Counsel, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by the County.

Section 12. Saul Ewing Arnstein & Lehr LLP is hereby appointed Bond Counsel in connection with the issuance and sale of the Notes.

Section 13. The County Manager and the County Director of Budget and Finance or any other proper official of the County, individually or jointly, is hereby authorized and directed to pay at, or subsequent to, the closing for the issuance of the Notes, all costs and expenses of the issuance incurred by or on behalf of the County or required to be paid by the County, all in accordance with the provisions of the Proposal. All such expenses incurred in connection with issuance of the Notes shall be paid out of the proceeds derived from the issuance of the Notes and the County Manager and the County Director of Budget and Finance or other proper official of the County is authorized to approve requests for payment of such expenses and to direct the Purchaser or the Paying Agent to pay such expenses directly from the proceeds of the Notes.

Section 14. This Resolution shall become effective on the earliest possible date in accordance with the terms of the County Charter and shall further be deemed part of the Notes and incorporated therein by reference and enforceable by the holders of the Notes.

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DULY ADOPTED, this 12th day of December, 2017, by the Council of the County of Luzerne, Pennsylvania, in lawful regular session duly assembled.

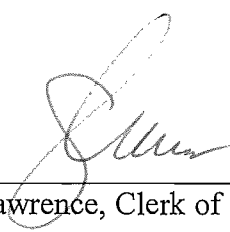
ROLL CALL VOTE (10-1)

YES: Brominski, Haas, Kelleher, McGinley, Schnee, Sorokas, SA Urban, Waitkus, Williams, and Houck

NO: Dobash

LUZERNE COUNTY COUNCIL

By: Linda M. McClosky/Houck  
Linda McClosky Houck, Chair

Attest:   
Sharon Lawrence, Clerk of Council

LUZERNE COUNTY MANAGER

By:   
C. David Pedri, Esq., County Manager





EXHIBIT "A"

CERTIFICATE

COUNTY OF LUZERNE, PENNSYLVANIA  
\$17,000,000 Tax and Revenue Anticipation Notes,  
Series of 2018

CERTIFICATE AS TO TAXES AND REVENUES TO BE COLLECTED

Pursuant to Sections 8122 and 8126 of the Local Government Unit Debt Act, on this \_\_\_\_ day of \_\_\_\_\_, 2017, the undersigned officers of the County of Luzerne, Pennsylvania (the "County"), DO HEREBY CERTIFY as follows in connection with the authorization by the County of its Tax and Revenue Anticipation Notes, Series of 2018, in an aggregate principal amount not to exceed \$17,000,000 (the "Notes"):

Section 1. This Certificate is given as of a date not more than thirty (30) days prior to, and no later than, the authorization of the issuance and sale of the Notes by resolution of the Council of the County.

Section 2. The Notes will be outstanding for a period ending no later than June 30, 2018.

Section 3. The undersigned have carefully estimated that the aggregate amount of moneys to be received by the County from taxes presently levied and assessed, or anticipated to be levied and assessed, and other revenues to be received (including subsidies and reimbursements) during the 2018 fiscal year during the period when the Notes will be outstanding is not less than \$ \_\_\_\_\_ as shown in Column (C) of the attached Cash Flow Calculation Worksheet.

Section 4. In making the foregoing estimate, the undersigned have considered the past and anticipated collection experience of the County and current and projected economic conditions.

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IN WITNESS WHEREOF, the undersigned have executed this Certificate as to Taxes and Revenues to be Collected of the date first above written.

COUNTY OF LUZERNE,  
PENNSYLVANIA

By: \_\_\_\_\_  
C. David Pedri, Esq.  
County Manager

By: \_\_\_\_\_  
Brian Swetz  
Division Head of Budget and  
Financial Services



CASH FLOW CALCULATION WORKSHEET

County of Luzerne, Pennsylvania  
 Cumulative Cash Flow Deficit Calculation for Fiscal Year Ending December 31, 2018

A	B	C	D	E	F
Month	Opening Balance	Estimated Receipts	Estimated Disbursements	Month Surplus/(Deficit)	Cumulative Surplus/(Deficit)
January	\$525,000	1,000,000	\$(13,786,730)	\$(12,786,730)	\$(12,261,730)
February	\$(12,261,730)	5,196,000	\$(9,934,600)	\$(4,738,600)	\$(17,000,330)
March	\$(17,000,330)	29,933,000	\$(18,615,100)	\$11,317,900	\$(5,682,430)
April	\$(5,682,430)	57,805,000	\$(9,265,100)	\$48,539,900	\$42,857,470
May	\$42,857,470	13,121,000	\$(16,846,669)	\$(3,725,669)	\$39,131,801
June	\$39,131,801	\$10,697,200	\$(11,980,164)	\$(1,282,964)	\$37,848,837
<b>Total</b>		<b>\$117,752,200</b>	<b>\$80,428,363</b>		

Highest 2018 Projected Deficit

(\$17,000,330)

Less: Working Capital Reserve Expenditures through 11/30/2017

[\$123,614,740 x 5%] = (\$6,180,737)

**Maximum Allowable 2018 TRAN (\$23,181,067)**



EXHIBIT "B"

FORM OF NOTE

R-1

\$ \_\_\_\_\_

COUNTY OF LUZERNE, PENNSYLVANIA  
TAX AND REVENUE ANTICIPATION NOTE,  
SERIES OF 2018

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
_____ %	_____, 2018	JANUARY ___, 2018

REGISTERED OWNER:

The County of Luzerne, Pennsylvania (the "County"), for value received, hereby promises to pay to the Registered Owner(s) hereof on the Maturity Date set forth above, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), together with interest on said sum computed at the annual rate of \_\_\_\_\_ (\_\_\_\_\_%), calculated on the basis of a 360-day year of twelve 30-day months, payable on the Maturity Date or upon earlier redemption. Both the principal of and interest on this Note shall be payable in such coin or currency as at the place and at the time of payment shall be legal tender for the payment of public and private debts in the United States (or by instrument payable in immediately available legal tender as aforesaid), upon presentation and surrender hereof at the corporate trust office of Manufacturers and Traders Trust Company (the "Paying Agent") in Harrisburg, Pennsylvania or Buffalo, New York.

This Note is one of a series of Tax and Revenue Anticipation Notes, Series of 2018, in the aggregate principal amount of \$17,000,000 (the "Notes"), authorized and issued in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended (the "Act"), and pursuant to a Resolution adopted by the County on December 12, 2017 (the "Resolution") and filed, together with other required documents, with the Pennsylvania Department of Community and Economic Development. Reference is hereby made to the Act and the Resolution for a statement of the rights and limitations of rights of the Registered Owner of the Notes under the Act, to all of which the Registered Owner hereof by acceptance of this Note assents. The Registered Owner's rights and remedies with respect to any event of default and the enforcement of the County's obligations, warranties, representations or undertakings as specified in this Note or the Resolution shall be governed by the provisions of the Act .

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





It is the intention of the County that the interest payable upon this Note will not be includable in gross income of the holder hereof for purposes of federal income taxation under the United States Internal Revenue Code of 1986, as amended (the "Code"). The County hereby covenants that it will not do anything that would endanger the tax-exempt status of the interest referred to herein. The County covenants that it will not make any investment or other use of any portion of the "proceeds" of this Note (within the meaning of Sections 103 and 141 through 150 of the Code or any applicable regulations thereunder) which would cause the Note to be an "arbitrage bond" as such term is defined in Section 148 of the Code or which would otherwise cause the interest on this Note to be includable in gross income of the holder hereof for purposes of federal income taxation under the Code. The County covenants to comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, including, but not limited to, the requirements regarding the use or investment of the proceeds of the Note and the rebate requirements in Section 148(f) of the Code.

Under the laws of the Commonwealth of Pennsylvania, this Note and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on this Note or the interest thereon. Profits, gains or income derived from the sale, exchange or other disposition of this Note are subject to state and local taxation.

[The Note is subject to optional redemption prior to maturity at any time in whole or in part at a redemption price equal to 100% of the principal amount being redeemed plus interest accrued on the portion being redeemed from the Dated Date to the date of redemption.]

[The Note is subject to mandatory sinking fund redemption on the dates and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount being redeemed plus interest accrued on the portion being redeemed from the Dated Date to the date of redemption:]

[insert mandatory sinking fund payment schedule]

Any redemption of Notes shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than twenty (20) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Notes to be redeemed at their addresses shown on the registration books kept by the Paying Agent as of the date the Notes are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Notes called for redemption as to which proper notice has been given.

The Notes are secured under the Resolution by the pledge of, security interest in and a lien and charge on the taxes and other revenues of the County specified in the Resolution to be received during the period when the Notes are outstanding, together with all proceeds thereof. Such pledge, security interest, lien and charge have been perfected and are enforceable in the manner provided by the Act.



This Note may be exchanged, and its transfer may be effected, only by the Registered Owner hereof in person or by his/her/its duly authorized custodian in writing. Upon such exchange and registration of such transfer, the County shall immediately issue a new registered note of the same series, maturity and interest rate for the same aggregate principal amount will be issued in exchange therefor and deliver the same to the new Registered Owner per his/her/its delivery instructions.

Whenever the due date for payment of interest on or principal of the Notes or the date fixed for redemption of any Notes shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to remain closed, then payment of such interest, principal, or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banks are authorized by law or executive order to remain closed, with the same force and effect as if made on the due date for payment of principal, interest or redemption price and no interest shall accrue thereon for any period after such due date.

It is hereby certified that all actions required by the Act to be taken to render this Note valid and obligatory have been duly taken pursuant to the Act, that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed precedent to and in the authorization and issuance of this Note exist, have happened and have been performed in regular and due form and manner and as required by law; and that all existing indebtedness of the County is within every limitation prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania.



IN WITNESS WHEREOF, the County has caused this Note to be executed by the Chair of Council of the County, its seal to be hereunto affixed and the same to be attested by the Clerk of Council of the County.

(SEAL)

COUNTY OF LUZERNE, PENNSYLVANIA

By: \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
Clerk



## ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within note on the books kept for registration thereof, with full power or substitution in the premises.

Date:

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within note as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

[END FORM OF NOTE]





EXHIBIT "C"

PROPOSAL

