

COUNTY OF LUZERNE
Commonwealth of Pennsylvania

ORDINANCE NO. 2015- 02

AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT OF THE COUNTY OF LUZERNE (THE "COUNTY") BY THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES A OF 2015 AND/OR GENERAL OBLIGATION REFUNDING BONDS, SERIES B OF 2015 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$166,690,000, WHICH, TOGETHER WITH CERTAIN AVAILABLE AMOUNTS OF THE COUNTY, WILL BE USED FOR THE PURPOSE OF FINANCING A REFUNDING PROGRAM, PAYMENT OF SWAP TERMINATION PAYMENTS IN CONNECTION WITH THE REFUNDING OF THE REFUNDED 2006A NOTES (HEREINAFTER DEFINED) AND PAYING THE COSTS OF ISSUING THE BONDS; AUTHORIZING THE PREPARATION AND FILING OF A DEBT STATEMENT AND OTHER DOCUMENTATION; COVENANTING TO CREATE A SINKING FUND AND TO BUDGET, APPROPRIATE AND PAY DEBT SERVICE ON THE BONDS AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY FOR THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF SERIES A BOND AND FORM OF SERIES B BOND; SETTING FORTH PARAMETERS FOR THE MAXIMUM PRINCIPAL MATURITY AMOUNTS AND DATES AND MAXIMUM INTEREST RATES AND OTHER DETAILS OF THE BONDS (AS HEREINAFTER DEFINED); AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE AGREEMENT; FINDING THAT A PRIVATE NEGOTIATED SALE IS IN THE BEST FINANCIAL INTEREST OF THE COUNTY; SETTING FORTH THE PARAMETERS FOR ACCEPTANCE OF A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITORY; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the County is granted the power by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat. §8001 *et seq.*, as amended (the "Act"), to incur indebtedness and to issue Bonds for the purposes of refunding outstanding indebtedness; and

WHEREAS, the County has heretofore issued its General Obligation Notes, Series A of 2006, presently outstanding in the principal amount of \$88,515,000 (the "2006A Notes"); and

WHEREAS, the County has determined to currently refund all or a portion of the outstanding 2006A Notes (the "Refunded 2006A Notes"); and

WHEREAS, the County has also heretofore issued its General Obligation Bonds, Series C of 2002, presently outstanding in the principal amount of \$1,265,000 (the "2002C Bonds"); and

WHEREAS, the County has determined to currently refund all or a portion of the outstanding 2002C Bonds (the "Refunded 2002C Bonds"); and

WHEREAS, the County has also heretofore issued its General Obligation Bonds, Series A of 2005, presently outstanding in the principal amount of \$10,515,000 (the "2005A Bonds"); and

WHEREAS, the County has determined to currently refund all or a portion of the outstanding 2005A Bonds (the "Refunded 2005A Bonds"); and

WHEREAS, the County has also heretofore guaranteed the Luzerne County Flood Protection Authority's Guaranteed Revenue Bonds, Series A of 1998, presently outstanding in the principal amount of \$15,550,000 and which represent lease rental debt of the County (the "1998A Bonds"); and

WHEREAS, the County has determined to currently refund all or a portion of the outstanding 1998A Bonds (the "Refunded 1998A Bonds"); and together with the Refunded 2002C Bonds and the Refunded 2005A Bonds, hereinafter collectively referred to as the "Refunded Prior Bonds" and together with the Refunded 2006A Notes, the "Refunded Bonds"); and

WHEREAS, the County has determined to: (i) currently refund the Refunded 2006A Notes in order to substitute bonds for notes; and (ii) currently refund the Refunded Prior Bonds in order to achieve debt service savings ((i) and (ii) are hereinafter collectively referred to as the "Refunding Program"); and

WHEREAS, the County has heretofore entered into Fixed Payor interest rate swap agreements with PNC Bank, National Association and JP Morgan Chase Bank, National Association for the County's 2006A Notes (collectively, the "2006A Fixed Payor Swap Agreements"); and

WHEREAS, the County has heretofore entered into an Interest Rate Management Plan, as amended from time to time; and

WHEREAS, the County has entered into another interest rate swap agreement with respect to the 2006A Notes (the "2006A Basis Swap Agreements") and other prior series of its general obligation bonds (the "Other Swap Agreements," together with the 2006A Fixed Payor Swap Agreements and the 2006A Basis Swap Agreements collectively referred to as the "Existing Swap Agreements"); and

WHEREAS, the County desires to take any and all action necessary to fully terminate the 2006A Fixed Payor Swap Agreements to the extent that such agreements relate to the Refunded 2006A Notes and desires to authorize its Swap Advisor, PFM Swap Advisors LLC, to facilitate such terminations; and

WHEREAS, the County, in consultation with its Swap Advisor, desires to take any and all action necessary to transfer the 2006A Basis Swap Agreements to the extent that such agreements relate to the Refunded 2006A Notes; and

WHEREAS, the County proposes to issue its (i) General Obligation Bonds, Series A of 2015 (the "Series A Bonds") for the purpose of financing the current refunding of the Refunded 2006A Notes, the payment of Swap termination costs associated with the current refunding of the Refunded 2006A Notes, paying the costs and expenses of issuing, and possibly insuring the Series A Bonds if deemed financially advantageous at the time of issuance of the Series A Bonds and paying any costs relating to the remarketing agent and the standby bond purchase agreement provider; and (ii) General

Obligation Refunding Bonds, Series B of 2015 for the purpose of financing the current refunding of the Refunded Prior Bonds and paying the costs and expenses of issuing, and possibly insuring the Series B Bonds if deemed financially advantageous at the time of issuance of the Series B Bonds (the "Series B Bonds"; and together with the Series A Bonds, hereinafter collectively referred to as the "Bonds") in an aggregate principal amount not to exceed \$166,690,000; and

WHEREAS, the County has determined, with the assistance of its financial advisor, to establish certain parameters under which it will accept a proposal for the purchase of the Bonds; and

WHEREAS, upon the advice of its financial advisor, the County has determined that it is in the best financial interest of the County to sell the Bonds at a private negotiated sale, and has received a proposal for the purchase of the Bonds from Citigroup Global Markets Inc., as the lead underwriter acting on its own behalf and as representative (the "Representative") of certain other underwriters, if approved as set forth herein (collectively, the "Underwriters" or "Purchasers") which is within and subject to the parameters for the terms of the Bonds (the "Bond Purchase Proposal" or "Proposal"); and

WHEREAS, the County desires to authorize necessary action in connection with the authorization and issuance of the Bonds, including the purchase of bond insurance to provide credit enhancement for the Bonds, if deemed financially advantageous at the time of issuance of the Bonds (in the singular or plural, the "Insurance Policy").

NOW, THEREFORE, BE IT ORDAINED by the County Council of the County of Luzerne and IT IS HEREBY ORDAINED, as follows:

Section 1. Authorization of Refunding Program and Incurrence of Indebtedness; and Statement of Purposes of Refunding Program. The County hereby authorizes and shall undertake the Refunding Program, including payment of the Swap termination payments associated with the current refunding of the Refunded 2006A Notes and paying the costs and expenses of issuing and insuring (if deemed financially advantageous) any series of Bonds, as described in the preambles to this Ordinance. The County shall incur indebtedness pursuant to the Act in an aggregate principal amount not exceeding \$166,690,000 for the purpose of: (i) financing the costs of the Refunding Program; (ii) financing costs of the Swap termination payments associated with the current refunding of the Refunded 2006A Notes; and (iii) paying the costs and expenses of issuing and insuring (if deemed financially advantageous) any series of Bonds. The County hereby approves the use of certain other available funds of the County, in addition to Bond proceeds, to be applied to effectuate the Refunding Program.

It is hereby determined and set forth that the purposes of the Refunding Program are as set forth in the preambles to this Ordinance.

The final maturity date of the Series B Bonds relating to the refunding of the Refunded 2002C Bonds (May 15, 2017) does not extend beyond the final maturity date of the Refunded 2002C Bonds (August 15, 2017). The final maturity date of the Series B Bonds relating to the refunding of the Refunded 2005A Bonds (May 15, 2020) does not extend beyond the final maturity date of the Refunded 2005A Bonds (December 15, 2020). The final maturity date of the Series B Bonds relating to the refunding of the Refunded 1998A Bonds (May 15, 2023) does not extend beyond the same fiscal year of the final maturity date of the Refunded 1998A Bonds (fiscal year ending 2023 (January 15, 2023)).

It is hereby determined and stated that the Bonds are scheduled to mature in accordance with the limitations set forth in Section 8142 of the Act.

The Bonds are to be sold and delivered as hereinafter provided. The County reserves the right to not issue any Bonds, not issue either the series of bonds or may issue the Bonds in an amount less than the maximum principal amount authorized hereunder and to cancel any unused authorization hereunder in accordance with the terms of the Act.

Section 2. Authorization of Issuance of Bonds. The County shall issue, pursuant to the Act and this Ordinance, its General Obligation Refunding Bonds, Series A of 2015 and its General Obligation Refunding Bonds, Series B of 2015 in an aggregate principal amount not exceeding \$166,690,000. The Series A Bonds are being issued to provide funds for the purpose of financing the current refunding of the Refunded 2006A Notes, paying termination payments of the Fixed Payor Swap Agreements associated with the current refunding of the Refunded 2006A Notes and paying the costs and expenses of issuing the Series A Bonds, and possibly insuring the Series A Bonds if deemed financially advantageous at the time of issuance of the Series A Bonds. The Series B Bonds are being issued to provide funds for the purpose of financing the current refunding of the Refunded Prior Bonds and paying the costs and expenses of issuing the Series B Bonds, and possibly insuring the Series B Bonds if deemed financially advantageous at the time of issuance of the Series B Bonds.

Section 3. Establishment of Parameters for Bonds. The County hereby establishes that the Bonds authorized hereunder shall be subject to the following parameters: (a) the Bonds shall not exceed ONE HUNDRED SIXTY-SIX MILLION SIX HUNDRED NINETY THOUSAND DOLLARS (\$166,690,000) in aggregate principal amount; (b) the Series A Bonds shall not mature later than November 15, 2029 and the Series B Bonds shall not mature later than May 15, 2023; (c) the purchase price for the Bonds (the principal amount of the Bonds, less Underwriters' Discount, less original issue discount, plus original issue premium) shall not be less than 90% nor more than 150% of the principal amount of the Bonds; (d) the Underwriters' Discount on the Bonds shall not exceed Six Dollars Fifty Cents (\$6.50) per \$1,000; (e) the maximum principal amounts of each maturity or mandatory sinking fund redemption shall not exceed those stated on Schedule A attached hereto and made a part hereof; and (f) the interest rates on the Bonds shall not exceed five and eighty-five hundredths percent (5.85%) per annum (the "Maximum Rate") and the Bonds of a series may have any number of interest rates and yields, provided, however, that no such interest rate shall exceed the Maximum Rate and further provided that, in accordance with Section 8144 of the Act, no yield for any stated maturity date in the last two-thirds of the period of any such series of Bonds shall be less than that stated for the immediately preceding year which falls within the last two-thirds period.

The County hereby acknowledges receipt of a Bond Purchase Proposal from the Representative pursuant to which the County agrees to sell its Bonds to the Purchasers subject to the Purchasers satisfying the conditions and parameters set forth therein. A copy of the Bond Purchase Proposal shall be delivered to the Clerk to County Council of the County and shall be affixed to and shall become part of this Ordinance.

If and when market conditions permit the Underwriters to sell the Bonds and meet the parameters, the Representative shall submit an Addendum to Bond Purchase Agreement ("Addendum") to the County setting forth the actual terms of the Bonds. The County Manager and Council Chair, in consultation with its financial advisor, swap advisor and bond counsel, as confirmed in Section 28 hereof, shall determine the actual terms of the Bonds, within the parameters

set forth in the Bond Purchase Proposal and this Ordinance, including, without limitation, the aggregate principal amount, the interest rates, the annual maturity or sinking fund redemption amounts, the purchase price, the Underwriters' Discount and any other appropriate terms and conditions applicable to the Bonds. Upon presentation by the Representative of the actual terms of the Bonds in satisfaction of the conditions and parameters set forth in the Bond Purchase Proposal and this Ordinance, the Chair or Vice Chair is hereby authorized and directed to execute an Addendum to the Bond Purchase Proposal in accordance therewith, and deliver a copy of the same to the Clerk to County Council of the County.

Section 4. Type of Indebtedness; Limitation on Indebtedness. The indebtedness authorized by this Ordinance is nonelectoral debt. It is declared that the debt incurred hereby, together with any other indebtedness of the County, is not in excess of any limitation imposed by the Act upon the incurrence of debt by the County.

Section 5. Execution of Debt Statement, Bonds and Other Documents. The Chair or Vice Chair of the County Council of the County, the Clerk to County Council or Treasurer of the County (or any temporary Clerk to County Council appointed for such purpose), and their successors, or any one of them, are hereby authorized and directed to file the debt statement required by Section 8110 of the Act, to execute and deliver the Bonds in the name and on behalf of the County and to take all other action required by the Act or this Ordinance in connection with the issuance of the Bonds. Said officers or any of them are further authorized to apply to the Department of Community and Economic Development for approval of the debt herein authorized and to file with such application a transcript of the proceedings including a certified copy of this Ordinance, the Debt Statement, a Borrowing Base Certificate signed by the appropriate officials of the County or by the accountants of the County responsible for auditing its financial affairs, and to take any and all such further action and to execute and deliver such other documents as may be necessary or proper to comply with all requirements of the Act or to carry out the intent and purpose of this Ordinance.

Section 6. Type of Bonds. The Bonds, when issued, will be general obligation bonds.

Section 7. Covenant to Pay Debt Service - Pledge of Taxing Power. The County hereby covenants with the registered owners of the Bonds outstanding pursuant to this Ordinance as follows: that the County will include in its budget for each fiscal year during the life of the Bonds, the amount of the debt service on the Bonds issued hereunder which will be payable in each such fiscal year so long as any of the Bonds shall remain outstanding; that the County shall appropriate from its general revenues such amounts to the payment of such debt service; that the County shall duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof; and for such budgeting, appropriation and payment the County hereby pledges its full faith, credit and taxing power. The covenant contained in this Section 7 shall be specifically enforceable.

Section 8. Forms of Bonds. (a) The Series A Bonds shall be substantially in the following form with appropriate omissions, insertions and variations:

[FORM OF SERIES A BOND]

UNITED STATES OF AMERICA

COUNTY OF LUZERNE
COMMONWEALTH OF PENNSYLVANIA

GENERAL OBLIGATION REFUNDING BOND,
SERIES A OF 2015

No. R- _____ \$ _____

INTEREST RATE MATURITY DATE DATED DATE CUSIP

% _____, 20____ _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The County of Luzerne, Pennsylvania (the "County"), for value received, hereby promises to pay to the registered owner hereof on the maturity date set forth above the principal sum set forth above, and to pay interest thereon from _____, 20____ or the most recent Interest Payment Date to which interest has been paid or duly provided for, initially on _____, 2015, and semiannually thereafter on _____ and _____ of each year (each, an "Interest Payment Date"), at the annual rate specified above, calculated on the basis of a 360-day year of twelve 30-day months until the principal sum is paid or has been provided for. The principal of this Bond is payable 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. Interest on this Bond will be paid on each Interest Payment Date by check mailed to the person in whose name this Bond is registered on the registration books of the County maintained by the Paying Agent, as registrar, at the address appearing thereon at the close of business on the fifteenth (15th) day (whether or not a day on which the Paying Agent is open for business) next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Regular Record Date, and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever monies become available for the payment of the defaulted interest, and notice of the Special Record Date and of the payment date for such defaulted interest shall be given to registered owners of the Bonds not less than fifteen (15) days prior to the Special Record Date. The principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of a duly authorized issue of General Obligation Refunding Bonds, Series A of 2015, of the County in the aggregate principal amount of \$ _____ (the "Bonds"). The Bonds are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, all of like date and tenor, except as to dates of maturity, rates of interest and provisions for redemption, and all issued in accordance with the Local Government Unit Debt Act of the

Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. Cons. Stat. § 8001 et seq., as amended (the "Act"), and pursuant to an Ordinance of the County Council of the County duly enacted on March 18, 2015 (the "Ordinance"). The Bonds are issued for the purpose of financing a refunding program and the costs of issuing the Bonds.

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

The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity, at the option of the County, as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the County, on _____, _____ or any date thereafter, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

The Bonds stated to mature on _____, _____ (the "Term Bonds") are subject to mandatory redemption prior to their stated maturity by lot by the County from monies to be deposited in the Sinking Fund established under the Ordinance at a redemption price of 100% of principal amount together with accrued interest to the date fixed for redemption. The County hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the County as permitted under the Ordinance) on _____ of the years, in the annual principal amounts and from the maturities set forth in the following schedule (or such lesser principal amount as shall at the time represent all Term Bonds of that maturity which shall then be outstanding):

Mandatory Redemption Schedule

Redemption Date
(_____)

Principal Amount to be
Redeemed or Purchased

Maturity from
Which Selected

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

On the date designated for redemption and upon deposit with the Paying Agent of funds sufficient for payment of the principal and accrued interest on the Bonds called for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Ordinance, and registered owners of the Bonds so called for redemption shall have no rights with respect to the Bonds or portions thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Bonds so called for redemption to the date fixed for redemption.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owners of the Bonds at their addresses as they appear on the Bond register maintained by the Paying Agent. Such notice shall also be sent to the Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System site. Such notice shall be given in the name of the County, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R-" printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any Bond shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the County shall not have deposited with the Paying Agent monies 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 monies with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such monies are so deposited.

The Bonds are transferable by the registered owners thereof, subject to payment of any required tax, fee or other governmental charge, upon presentation and surrender thereof at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent. The Paying Agent shall not be required: (i) to issue, transfer or exchange any of the Bonds during a period beginning at the close of business on the fifth (5th) day next preceding the day of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given; or (ii) to transfer or exchange any Bond selected for redemption in whole or in part.

The County and the Paying Agent may treat the person in whose name this Bond is registered on the Bond register maintained by the Paying Agent as the absolute owner of this Bond for all purposes and neither the County nor the Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon, against any member of the Board of Commissioners, officer or employee, past, present or future, of the County or of any successor body, as such, either directly or through the

County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Bond.

Whenever the due date for payment of interest on or principal of this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the jurisdiction in which the corporate trust payment office of the Paying Agent is located are authorized or directed by law or executive order to close (a "Holiday"), then the payment of such interest or principal need not be made on such date, but may be made on the succeeding day which is not a Holiday, with the same force and effect as if made on the due date for payment of principal or interest.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the County to issue and deliver this Bond has been duly given 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 or in the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the County has established a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the County are hereby irrevocably pledged.

This Bond shall not be entitled to any benefit under the within mentioned Ordinance or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the Paying Agent by execution of the certificate endorsed hereon.

IN WITNESS WHEREOF, the County of Luzerne, Commonwealth of Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signature of the Chair of its County Council and an impression of its corporate seal to be hereunto impressed and duly attested by the signature of the Clerk to County Council.

COUNTY OF LUZERNE

(SEAL)

By: _____
Chair, County Council

Attest: _____
Clerk to County Council

AUTHENTICATION CERTIFICATE

This Bond is one of the County of Luzerne General Obligation Refunding Bonds, Series A of 2015, described in the within mentioned Ordinance.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Paying Agent

Date of Authentication:

By: _____
Authorized Signer

STATEMENT OF INSURANCE

[APPROPRIATE LANGUAGE TO BE INSERTED HERE, IF SERIES A BONDS ARE INSURED]

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR EMPLOYER
IDENTIFICATION NUMBER OF ASSIGNEE

_____ the
within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to
transfer said Bond on the books of the within named Paying Agent, with full power of substitution in the
premises.

Dated:

Signature Guaranteed by:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guaranteed program.

NOTICE: The 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 enlargement or any change whatever.

(Authorized Signature)

[End of Form of Series A Bond]

(b) The Series B Bonds shall be substantially in the following form with appropriate omissions, insertions and variations:

[FORM OF SERIES B BOND]

UNITED STATES OF AMERICA

**COUNTY OF LUZERNE
COMMONWEALTH OF PENNSYLVANIA**

**GENERAL OBLIGATION REFUNDING BOND,
SERIES B OF 2015**

No. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
% _____	_____, 20____	_____	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ **DOLLARS**

The County of Luzerne, Pennsylvania (the "County"), for value received, hereby promises to pay to the registered owner hereof on the maturity date set forth above the principal sum set forth above, and to pay interest thereon from _____, 20____ or the most recent Interest Payment Date to which interest has been paid or duly provided for, initially on _____, 2015, and semiannually thereafter on _____ and _____ of each year (each, an "Interest Payment Date"), at the annual rate specified above, calculated on the basis of a 360-day year of twelve 30-day months until the principal sum is paid or has been provided for. The principal of this Bond is payable 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. Interest on this Bond will be paid on each Interest Payment Date by check mailed to the person in whose name this Bond is registered on the registration books of the County maintained by the Paying Agent, as registrar, at the address appearing thereon at the close of business on the fifteenth (15th) day (whether or not a day on which the Paying Agent is open for business) next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Regular Record Date, and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the "Special Record Date") for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever monies become available for the payment of the defaulted interest, and notice of the Special Record Date and of the payment date for such defaulted interest shall be given to registered owners of the Bonds not less than fifteen (15) days prior to the Special Record Date. The principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of a duly authorized issue of General Obligation Refunding Bonds, Series B of 2015, of the County in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds

are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, all of like date and tenor, except as to dates of maturity, rates of interest and provisions for redemption, and all issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. Cons. Stat. § 8001 et seq., as amended (the "Act"), and pursuant to an Ordinance of the County Council of the County duly enacted on March 18, 2015 (the "Ordinance"). The Bonds are issued for the purpose of financing a refunding program and the costs of issuing the Bonds.

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

The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity, at the option of the County, as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the County, on _____, _____ or any date thereafter, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

The Bonds stated to mature on _____, _____ (the "Term Bonds") are subject to mandatory redemption prior to their stated maturity by lot by the County from monies to be deposited in the Sinking Fund established under the Ordinance at a redemption price of 100% of principal amount together with accrued interest to the date fixed for redemption. The County hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the County as permitted under the Ordinance) on _____ of the years, in the annual principal amounts and from the maturities set forth in the following schedule (or such lesser principal amount as shall at the time represent all Term Bonds of that maturity which shall then be outstanding):

Mandatory Redemption Schedule

Redemption Date

**Principal Amount to be
Redeemed or Purchased**

**Maturity from
Which Selected**

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory

to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

On the date designated for redemption and upon deposit with the Paying Agent of funds sufficient for payment of the principal and accrued interest on the Bonds called for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Ordinance, and registered owners of the Bonds so called for redemption shall have no rights with respect to the Bonds or portions thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Bonds so called for redemption to the date fixed for redemption.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owners of the Bonds at their addresses as they appear on the Bond register maintained by the Paying Agent. Such notice shall also be sent to the Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System site. Such notice shall be given in the name of the County, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R-" printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any Bond shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the County shall not have deposited with the Paying Agent monies 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 monies with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such monies are so deposited.

The Bonds are transferable by the registered owners thereof, subject to payment of any required tax, fee or other governmental charge, upon presentation and surrender thereof at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent. The Paying Agent shall not be required: (i) to issue, transfer or exchange any of the Bonds during a period beginning at the close of business on the fifth (5th) day next preceding the day of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given; or (ii) to transfer or exchange any Bond selected for redemption in whole or in part.

The County and the Paying Agent may treat the person in whose name this Bond is registered on the Bond register maintained by the Paying Agent as the absolute owner of this Bond for all purposes and neither the County nor the Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon, against any member of the Board of Commissioners, officer or employee, past, present or future, of the County or of any successor body, as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Bond.

Whenever the due date for payment of interest on or principal of this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the jurisdiction in which the corporate trust payment office of the Paying Agent is located are authorized or directed by law or executive order to close (a "Holiday"), then the payment of such interest or principal need not be made on such date, but may be made on the succeeding day which is not a Holiday, with the same force and effect as if made on the due date for payment of principal or interest.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the County to issue and deliver this Bond has been duly given 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 or in the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the County has established a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the County are hereby irrevocably pledged.

This Bond shall not be entitled to any benefit under the within mentioned Ordinance or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the Paying Agent by execution of the certificate endorsed hereon.

IN WITNESS WHEREOF, the County of Luzerne, Commonwealth of Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signature of the Chair of its County Council and an impression of its corporate seal to be hereunto impressed and duly attested by the signature of the Clerk to County Council.

COUNTY OF LUZERNE

(SEAL)

By: _____
Chair, County Council

Attest: _____
Clerk to County Council

AUTHENTICATION CERTIFICATE

This Bond is one of the County of Luzerne General Obligation Refunding Bonds, Series B of 2015, described in the within mentioned Ordinance.

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Paying Agent

Date of Authentication:

By: _____
Authorized Signer

STATEMENT OF INSURANCE

[APPROPRIATE LANGUAGE TO BE INSERTED HERE, IF SERIES B BONDS ARE INSURED]

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR EMPLOYER
IDENTIFICATION NUMBER OF ASSIGNEE

_____ the
within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to
transfer said Bond on the books of the within named Paying Agent, with full power of substitution in the
premises.

Dated:

Signature Guaranteed by:

NOTICE: Signature(s) must be guaranteed
by an eligible guarantor institution, an
institution which is a participant in a
Securities Transfer Association recognized
signature guaranteed program.

NOTICE: The 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 enlargement or
any change whatever.

(Authorized Signature)

[End of Form of Series B Bond]

Section 9. Terms of Bonds. The Bonds when issued shall be general obligation bonds issued in fully registered form and shall be in the denomination of Five Thousand Dollars (\$5,000), or in any integral multiple thereof within the limitations provided herein. The Bonds shall be issued in the aggregate principal amount of not more than \$166,690,000, shall be dated as determined in accordance with the final terms of the Bonds (the "Bond Issuance Date"), shall bear interest from the Bond Issuance Date at the rates per annum in accordance with and within the parameters established pursuant hereto, all as set forth herein and in the Bond Purchase Proposal and Addendum, and shall mature on those dates contained therein, but in no event later than November 15, 2029 with respect to the Series A Bonds and May 15, 2023 with respect to the Series B Bonds.

The principal of the Bonds shall be payable in lawful money of the United States of America at the corporate trust office of Manufacturers and Traders Trust Company, in Harrisburg, Pennsylvania or Buffalo, New York, which is hereby appointed paying agent and registrar for the Bonds and the sinking fund depository. Interest on the Bonds shall be payable in the manner provided in the Forms of Bonds set forth above.

The Bonds are being amortized so that the debt service on all outstanding debt of the County following the issuance of the Bonds (at the maximum rate of 5.85%) will be brought more nearly into an overall level annual debt service plan as shown on the total debt service schedule attached hereto as Schedule B and made a part hereof.

Section 10. Redemption of Bonds.

(a) **Series A Bonds.** The Series A Bonds shall be subject to redemption prior to maturity, at the option of the County, as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the County, thereafter, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date, beginning on such date as shall be specified in the Addendum to the Bond Purchase Agreement, but not later than eleven (11) years after the Bond Issuance Date. If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

The Bonds may be subject to mandatory redemption prior to their stated maturity by lot by the County from monies to be deposited in the Sinking Fund established under the Ordinance at a redemption price of 100% of principal amount together with accrued interest to the date fixed for redemption (the "Term Bonds"). If Term Bonds are issued, the County hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the County as permitted under the Ordinance) on such date or dates as shall be specified in the Addendum to the Bond Purchase Agreement. Any Term Bond that may be issued will be issued with mandatory sinking fund payments in annual principal amounts that, when aggregated with any mandatory sinking fund payments in connection with the issuance of the Series B Bonds, shall not exceed the annual maximum maturity amount for the Bonds shown in Schedule A.

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the corporate trust

office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

On the date designated for redemption and upon deposit with the Paying Agent of funds sufficient for payment of the principal of and accrued interest on the Bonds called for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security hereunder, and registered owners of the Bonds so called for redemption shall have no rights with respect to the Bonds or portions thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Bonds so called for redemption to the date fixed for redemption.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owners of the Bonds at their addresses as they appear on the Bond register maintained by the Paying Agent. Such notice shall also be sent to the Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System site. Such notice shall be given in the name of the County, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such redemption notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R-" printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any Bond shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption.

(b) **Series B Bonds.** The Series B Bonds shall be subject to redemption prior to maturity, at the option of the County, as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the County, thereafter, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date, beginning on such date as shall be specified in the Addendum to the Bond Purchase Agreement, but not later than eleven (11) years after the Bond Issuance Date. If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

The Bonds may be subject to mandatory redemption prior to their stated maturity by lot by the County from monies to be deposited in the Sinking Fund established under the Ordinance at a redemption price of 100% of principal amount together with accrued interest to the date fixed for redemption (the "Term Bonds"). If Term Bonds are issued, the County hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the County as

permitted under the Ordinance) on such date or dates as shall be specified in the Addendum to the Bond Purchase Proposal. Any Term Bond that may be issued will be issued with mandatory sinking fund payments in annual principal amounts that, when aggregated with any mandatory sinking fund payments in connection with the issuance of the Series A Bonds, shall not exceed the annual maximum maturity amount for the Bonds shown in Schedule A.

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

On the date designated for redemption and upon deposit with the Paying Agent of funds sufficient for payment of the principal of and accrued interest on the Bonds called for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security hereunder, and registered owners of the Bonds so called for redemption shall have no rights with respect to the Bonds or portions thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Bonds so called for redemption to the date fixed for redemption.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owners of the Bonds at their addresses as they appear on the Bond register maintained by the Paying Agent. Such notice shall also be sent to the Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System site. Such notice shall be given in the name of the County, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such redemption notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R " printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any Bond shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption.

Section 11. Appointment of Securities Depository. The Depository Trust Company, New York, New York ("DTC"), shall act as securities depository for the Bonds on behalf of the firms which participate in the DTC book-entry system ("DTC Participants"). The ownership of one fully registered Bond for each maturity for each series of the Bonds, will be registered in the name of Cede & Co., as nominee for DTC. The County shall cause the Bonds to be delivered to DTC or the Paying Agent, as custodian for DTC, on or before the Bond Issuance Date.

Pursuant to the book-entry only system, any person for whom a DTC Participant acquires an interest in the Bonds (the "Beneficial Owner") will not receive certificated Bonds and will not be the registered owner thereof. Ownership interest in the Bonds may be purchased by or through DTC Participants. Each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's interest in the Bonds or Bonds, which will be confirmed in accordance with DTC's standard procedures. Receipt by the Beneficial Owners (through any DTC Participant) of timely payment of principal, premium, if any, and interest on the Bonds, is subject to DTC making such payment to DTC Participants and such DTC Participants making payment to Beneficial Owners. Neither the County nor the Paying Agent will have any direct responsibility or obligation to such DTC Participants or the persons for whom they act as nominees for any failure of DTC to act or make any payment with respect to the Bonds.

The County is authorized to execute such documents as may be necessary or desirable in connection with DTC's services as securities depository.

DTC may determine to discontinue providing its services with respect to the Bonds or Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the County officials then holding the offices set forth in Section 21 of this Ordinance are hereby authorized to designate a successor securities depository or to deliver certificates to the Beneficial Owners of the Bonds and Beneficial Owners of the Bonds.

The County shall give notice or cause the Paying Agent to give notice, to DTC in accordance with the Blanket Letter of Representations for the redemption or other retirement of the Bonds. The County will provide for the form of notice. Upon receipt of such notice, DTC will forward the notice to the DTC Participants for subsequent forwarding of such notice to the Beneficial Owners of the Bonds. The County will pay the customary charges for such mailing.

Section 12. Sale of Bonds. The Bonds shall be sold at private sale by negotiation as hereinafter set forth in Section 15. After due consideration, the County Council hereby finds and determines, on the basis of the advice and recommendation of its financial advisor and all available information, that a private negotiated sale of the Bonds is in the best financial interest of the County.

Section 13. Creation of and Deposits in Sinking Fund. The County covenants that there shall be and there is hereby established and that it shall hereafter maintain a sinking fund designated as the "Sinking Fund - General Obligation Bonds, Series of 2015" (the "2015 Bonds Sinking Fund") for the Bonds 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 Bonds on such dates, or such greater or lesser amount as at the time shall be sufficient to pay principal of and interest on the Bonds becoming due on each such date.

Pending application to the purposes for which the Sinking Fund is established, the Chair or Vice Chair of the County Council or the Clerk to County Council or the Treasurer or Assistant Clerk to County Council 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 the 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 in 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 Bonds as the same shall become due and payable in accordance with the terms hereof, and the County hereby covenants that such monies, to the extent required, will be applied to such purposes.

All monies deposited in the Sinking Fund for the payment of the Bonds which have not been claimed by the registered owners thereof after two years from the date payment is due, except where such monies are held for the payment of outstanding checks, drafts or other instruments of the Paying Agent, shall be returned to the County. Nothing contained herein shall relieve the County of its liability to the registered owners of unrepresented Bonds.

Section 14. No Taxes Assumed. The County shall not assume the payment of any tax or taxes in consideration of the purchase of the Bonds.

Section 15. Bond Purchase Proposal - Sale of Bonds. The County hereby accepts the Bond Purchase Proposal of Citigroup Global Markets Inc., as Representative, dated March 18, 2015, and the Bonds are hereby awarded to the Underwriters subject to compliance with the provisions of Section 3 of this Ordinance and submission of the Addendum to the Bond Purchase Agreement satisfying the parameters set forth herein. A copy of said Bond Purchase Proposal shall be attached to this Ordinance and lodged with the official minutes of this meeting and is hereby incorporated herein by reference. The proper officers of this County are hereby authorized and directed to endorse the acceptance of this County on said bond purchase proposal and to deliver executed copies thereof to the Underwriters.

Section 16. Contract with Paying Agent. The proper officers of the County are authorized to contract with Manufacturers and Traders Trust Company in connection with the performance of its duties as the Paying Agent and Sinking Fund Depository on usual and customary terms, including an agreement to observe and comply with the provisions of this Ordinance and of the Act.

Section 17. Redemption of Refunded Bonds - Deposit of Funds. In the event of a current refunding of the Refunded 2006A Notes, the County hereby authorizes the calling of the Refunded 2006A Notes. The Chair or Vice Chair of the County is hereby authorized, with the advice and recommendation of the County's financial advisor and bond counsel, to determine the principal amount of Refunded 2006A Notes and the date of redemption. It is currently anticipated that the redemption of the Refunded 2006A Notes will be on or about April 15, 2015. The County may enter into a request for redemption certificate (the "Redemption Request Certificate") with Manufacturers and Traders Trust Company, as Paying Agent for the Refunded 2006A Notes (the "Refunded 2006A Notes Paying Agent"), providing, among other things, for: (a) the certification to such Refunded 2006A Notes Paying Agent of the amounts required to pay the principal and interest on the Refunded 2006A Notes to the date of redemption; (b) the deposit with said Refunded 2006A Notes Paying Agent of amounts which, together with interest earnings thereon, if any, will meet such requirements; and (c) the irrevocable pledge of all amounts and investments held under the Redemption Request Certificate for the payment of the Refunded 2006A Notes to the date of redemption and the application of such funds to such purposes. The Redemption Request Certificate

shall be in form and substance as approved by the signing officer of the County. The Chair or Vice Chair of the County are hereby authorized and directed to execute said Redemption Request Certificate and to deliver the same to the Refunded 2006A Notes Paying Agent on behalf of the County. The County hereby gives and grants the Refunded 2006A Notes Paying Agent full authority to do and perform all and every act and thing whatsoever requisite and necessary to carry out the intent of this Ordinance and effectuate the refunding of the Refunded 2006A Notes as the County might do on its own behalf, and hereby ratifies and confirms all that said Refunded 2006A Notes Paying Agent shall do or cause to be done by virtue thereof.

In the event of a current refunding of the Refunded 2002C Bonds, the County hereby authorizes the calling of the Refunded 2002C Bonds. The Chair or Vice Chair of the County is hereby authorized, with the advice and recommendation of the County's financial advisor and bond counsel, to determine the principal amount of Refunded 2002C Bonds and the date of redemption. It is currently anticipated that the redemption of the Refunded 2002C Bonds will be on or about April 15, 2015. The County may enter into a request for redemption certificate (the "Redemption Request Certificate") with The Fidelity Discount and Deposit Bank, as Paying Agent for the Refunded 2002C Bonds (the "Refunded 2002C Bonds Paying Agent"), providing, among other things, for: (a) the certification to such Refunded 2002C Bonds Paying Agent of the amounts required to pay the principal and interest on the Refunded 2002C Bonds to the date of redemption; (b) the deposit with said Refunded 2002C Bonds Paying Agent of amounts which, together with interest earnings thereon, if any, will meet such requirements; and (c) the irrevocable pledge of all amounts and investments held under the Redemption Request Certificate for the payment of the Refunded 2002C Bonds to the date of redemption and the application of such funds to such purposes. The Redemption Request Certificate shall be in form and substance as approved by the signing officer of the County. The Chair or Vice Chair of the County are hereby authorized and directed to execute said Redemption Request Certificate and to deliver the same to the Refunded 2002C Bonds Paying Agent on behalf of the County. The County hereby gives and grants the Refunded 2002C Bonds Paying Agent full authority to do and perform all and every act and thing whatsoever requisite and necessary to carry out the intent of this Ordinance and effectuate the refunding of the Refunded 2002C Bonds as the County might do on its own behalf, and hereby ratifies and confirms all that said Refunded 2002C Bonds Paying Agent shall do or cause to be done by virtue thereof.

In the event of a current refunding of the Refunded 2005A Bonds, the County hereby authorizes the calling of the Refunded 2005A Bonds. The Chair or Vice Chair of the County is hereby authorized, with the advice and recommendation of the County's financial advisor and bond counsel, to determine the principal amount of Refunded 2005A Bonds and the date of redemption. It is currently anticipated that the redemption of the Refunded 2005A Bonds will be on or about April 15, 2015. The County may enter into a request for redemption certificate (the "Redemption Request Certificate") with The Fidelity Discount and Deposit Bank, as Paying Agent for the Refunded 2005A Bonds (the "Refunded 2005A Bonds Paying Agent"), providing, among other things, for: (a) the certification to such Refunded 2005A Bonds Paying Agent of the amounts required to pay the principal and interest on the Refunded 2005A Bonds to the date of redemption; (b) the deposit with said Refunded 2005A Bonds Paying Agent of amounts which, together with interest earnings thereon, if any, will meet such requirements; and (c) the irrevocable pledge of all amounts and investments held under the Redemption Request Certificate for the payment of the Refunded 2005A Bonds to the date of redemption and the application of such funds to such purposes. The Redemption Request Certificate shall be in form and substance as approved by the signing officer of the County. The Chair or Vice Chair of the County are hereby authorized and directed to

execute said Redemption Request Certificate and to deliver the same to the Refunded 2005A Bonds Paying Agent on behalf of the County. The County hereby gives and grants the Refunded 2005A Bonds Paying Agent full authority to do and perform all and every act and thing whatsoever requisite and necessary to carry out the intent of this Ordinance and effectuate the refunding of the Refunded 2005A Bonds as the County might do on its own behalf, and hereby ratifies and confirms all that said Refunded 2005A Bonds Paying Agent shall do or cause to be done by virtue thereof.

In the event of a current refunding of the Refunded 1998A Bonds, the County shall request the Authority to call the Refunded 1998A Bonds. The Chair or Vice Chair of the County is hereby authorized, with the advice and recommendation of the County's financial advisor and bond counsel, to determine the principal amount of Refunded 1998A Bonds. It is currently anticipated that the redemption of the Refunded 1998A Bonds will be on or about June 15, 2015. The County shall request the Authority to enter into a request for redemption certificate (the "Redemption Request Certificate") with The Bank of New York Mellon Trust Company, N.A., as Trustee for the Refunded 1998A Bonds (the "Refunded 1998A Bonds Trustee"), providing, among other things, for: (a) the certification to such Refunded 1998A Bonds Trustee of the amounts required to pay the principal and interest on the Refunded 1998A Bonds to the date of redemption; (b) the deposit with said Refunded 1998A Bonds Trustee of amounts which, together with interest earnings thereon, if any, will meet such requirements; and (c) the irrevocable pledge of all amounts and investments held under the Redemption Request Certificate for the payment of the Refunded 1998A Bonds to the date of redemption and the application of such funds to such purposes. The Redemption Request Certificate shall be in form and substance as approved by the signing officer(s) of the Authority.

Section 18. Federal Tax Covenants. The County hereby covenants not to take or omit to take any action so as to cause interest on the Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations promulgated with respect thereto throughout the term of the Bonds. The County further covenants that it will make no investments or other use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" as defined in Section 148 of the Code. The County further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable.

Section 19. Execution and Authentication of Bonds. As provided in Section 5, the Bonds, when issued, shall be executed by the Chair or Vice Chair of the County Council of the County, and the seal of the County affixed thereto and duly attested to by the Clerk to County Council (or any Assistant Clerk to County Council or temporary Clerk to County Council or Treasurer appointed for such purpose) of the County, and each such execution shall be by manual signature. If any officer whose signature appears on the Bonds shall cease to hold such office before the actual delivery date of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such person had remained in such office until the actual delivery date of the Bonds. The Bonds shall be authenticated by the manual signature of the Paying Agent.

Section 20. Application of Bond Proceeds. The purchase price for the Bonds and any accrued interest payable by the Underwriters, if any, shall be paid to the Paying Agent on behalf of the County. Upon receipt of the purchase price for the Bonds by the Paying Agent, including interest thereon accrued to the Bond Issuance Date, if any, the Paying Agent shall deposit the same in a

settlement account. From the settlement account, the Paying Agent shall: (i) pay, or establish reserves for payment of, the costs and expenses of the financing and the proper officers of the County are authorized to direct the Paying Agent to pay the issuance costs on behalf of the County as set forth in written directions to the Paying Agent; (ii) deposit the accrued interest, if any, on the Bonds in the Sinking Fund; and (iii) transfer to each respective Prior Paying Agent for the Refunded Bonds, the amount required to fund the escrow for each such series of refunded bonds, as provided in Section 17 hereof. The balance of the proceeds shall be deposited in the Sinking Fund for the Bonds..

Any reserves in the above-described settlement account shall be disbursed from time to time by the Paying Agent pursuant to written instructions from the Chair or Vice Chair of the County Council and any balance ultimately remaining in any such reserve shall, upon written instructions of the Chair or Vice Chair of the County Council, be deposited in the Sinking Fund.

Section 21. Officers Authorized to Act. For the purpose of expediting the closing and the issuance and delivery of the Bonds, or in the event that the Chair of the County Council or the Clerk to County Council of the County shall be absent or otherwise unavailable for the purpose of executing documents, or for the purpose of taking any other action which they or either of them may be authorized to take pursuant to this Ordinance, the Vice Chair of the County Council or the Assistant Clerk to County Council or Temporary Clerk to County Council appointed for such purpose of the County, respectively, are hereby authorized and directed to execute documents, or otherwise to act on behalf of the County in their stead.

Section 22. Approval of Official Statement. 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 the County Council, approve and deem final the Preliminary Official Statement prepared for the Bonds at the time of issuance. A final Official Statement, substantially in the form of the Preliminary Official Statement and containing the terms of the Bonds, shall be prepared and delivered to the Underwriters within seven (7) business days from the date of the Addendum to the Bond Purchase Agreement, and the County hereby approves the use thereof in connection with the public offering and sale of the Bonds.

Section 23. Continuing Disclosure. The County hereby authorizes and directs the appropriate officers to execute and deliver a Continuing Disclosure Agreement in order to satisfy the requirements of Rule 15c2-12 (the "Continuing Disclosure Agreement"). Notwithstanding any other provision of this Ordinance, failure of the County to comply with the Continuing Disclosure Agreement shall not be considered an event of default hereunder; however, the Paying Agent, any Participating Underwriter (as defined in the Continuing Disclosure Agreement), or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County to comply with its obligations under this Section. The County further authorizes its officers to contract with a dissemination agent to ensure the ongoing compliance with its continuing disclosure agreements.

Section 24. Bond Insurance. If deemed financially advantageous to the County in connection with the issuance of the Bonds, the officers of the County are hereby authorized to purchase a policy of insurance guaranteeing the payment of the principal of and interest on the Bonds to pay the premium for such policy from the proceeds of the Bonds and to execute such documents as may be necessary to effect the issuance of such policy. If applicable, the Bonds issued under this Ordinance may include a statement of the terms of such insurance policy and the Authentication

Certificate of the Paying Agent appearing on each Bond may include a statement confirming that the original or a copy of the insurance policy is on file with the Paying Agent.

Section 25. Partial Transfer of Basis Swaps. The County authorizes its Swap Advisor and authorizes its officers to take any and all action to proceed in connection with transfer of its 2006A Basis Swap Agreements and to execute all related documents, including, but not limited to, Dodd-Frank Act amendments to the 2006A Basis Swap Agreements to the extent such agreements relate to the Refunded 2006A Notes.

Section 26. Termination of Fixed Payor Swap Agreements. In conjunction with the Refunding Program, the County authorizes its Swap Advisor and authorizes its officers to take any and all action to proceed in connection with the termination of the Fixed Payor Swap Agreements and to execute all related documents.

Section 27. Approval of County's Amended and Restated Interest Rate Management Plan; Ratification of Pledge of Full Faith and Credit and Private Sale by Negotiation. The County authorizes its Swap Advisor and authorizes its officers to take any and all action to proceed in connection with potential amendment(s) of its Existing Swap Agreements and the implementation of an Amended and Restated Interest Rate Management Plan and to execute all related documents, including, but not limited to, Dodd-Frank Act amendments to the Existing Swap Agreements and to deliver the same on behalf of the County.

The amended Existing Swap Agreements are general obligations of the County payable from general revenues of the County for which the County has covenanted to include the amount of periodic scheduled payments due thereunder for each fiscal year in which such sums are payable in its budget for that year and appropriate such amounts from its general revenues to the payment of such payments; and duly and punctually pay the payments in the manner stated therein, and for such proper budgeting, appropriation, and payment of periodic scheduled payments, the full faith, credit and taxing power of the County has been irrevocably pledged.

The County determined that a private sale by negotiation, rather than public sale or private sale by invitation of the Existing Swap Agreements, was in the best financial interest of the County and such is hereby ratified.

The County will reflect the transaction evidenced by the amended Existing Swap Agreements in the County's financial statements.

The form of the approved Amended and Restated Interest Rate Management Plan relating to the amendment and/or termination of the Existing Swap Agreements is attached hereto as Schedule C and made a part hereof.

Section 28. Confirmation of Appointment of Professionals. The County hereby confirms the appointment of Public Financial Management, Inc., Harrisburg, Pennsylvania, as financial advisor (the "Financial Advisor") and Saul Ewing LLP, Philadelphia, Pennsylvania, as bond counsel ("Bond Counsel") and appoints Citigroup Global Markets Inc., as the Representative in connection with the refundings described in this Ordinance.

Section 29. Authorization of Written Post-Issuance Compliance Policy. The County is hereby authorized to establish written post-issuance compliance policy in order to ensure

continuing compliance with various federal income tax rules relating to tax-exempt bonds and notes and the use and investment of the proceeds of such bonds/notes.

Section 30. Further Action. The proper officers of the County are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices, appoint such other professionals (including Underwriters) and otherwise comply with the provisions of this Ordinance and the Act in the name and on behalf of the County. The proper officers of the County are hereby authorized and directed to enact written post-issuance compliance procedures in order to meet the requirements of the Code.

Section 31. Act Applicable to Bonds. This Ordinance is enacted pursuant to, and the Bonds issued hereunder shall be subject to, the provisions of the Act and all of the mandatory provisions thereof shall apply hereunder whether or not explicitly stated herein.

Section 32. Contract with Bondholders. This Ordinance constitutes a contract with the registered owners of the Bonds from time to time outstanding hereunder and shall be enforceable in accordance with the provisions of the laws of the Commonwealth of Pennsylvania.

Section 33. Severability. In case any one or more of the provisions contained in this Ordinance or in any Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of said Bonds and this Ordinance or said Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

Section 34. Repealer. All resolutions and parts of resolutions heretofore enacted to the extent that the same are inconsistent herewith are hereby repealed.

Section 35. Effective Date. This Ordinance shall take effect on April 9, 2015.

PASSED this 18th day of March, 2015.

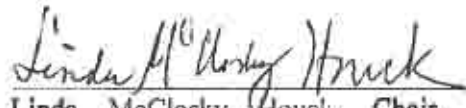
(COUNTY SEAL)

ATTEST:



Sharon Lawrence, Temp. Clerk to County Council

COUNTY COUNCIL
COUNTY OF LUZERNE



Linda McClosky Houck, Chair, County Council

SCHEDULE A

GENERAL OBLIGATION REFUNDING BONDS, SERIES OF 2015

PARAMETERS BOND MATURITY SCHEDULE

COUNTY OF LUZERNE		
SERIES A & B OF 2015	MAXIMUM PARAMETERS	4/15/2015
		4/15/2015

1	2	3	4	5
<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Fiscal Year Debt Service</u>
12/31/2015	3,200,000	5.850	5,610,198.75	8,870,198.75
12/31/2016	4,355,000	5.850	9,437,220.00	13,792,220.00
12/31/2017	7,985,000	5.850	9,161,392.50	17,146,392.50
12/31/2018	8,095,000	5.850	8,706,555.00	16,801,555.00
12/31/2019	8,340,000	5.850	8,228,610.00	16,568,610.00
12/31/2020	8,635,000	5.850	7,736,625.00	16,371,625.00
12/31/2021	9,240,000	5.850	7,298,313.75	16,538,313.75
12/31/2022	11,305,000	5.850	6,755,141.25	18,060,141.25
12/31/2023	11,790,000	5.850	6,090,727.50	17,880,727.50
12/31/2024	12,150,000	5.850	5,480,572.50	17,630,572.50
12/31/2025	12,665,000	5.850	4,769,797.50	17,434,797.50
12/31/2026	14,590,000	5.850	4,028,895.00	18,618,895.00
12/31/2027	4,455,000	5.850	3,175,380.00	7,630,380.00
12/31/2028	28,325,000	5.850	2,914,762.50	31,239,762.50
12/31/2029	21,500,000	5.850	1,257,750.00	22,757,750.00
TOTALS	166,690,000		90,651,941.25	257,341,941.25

SCHEDULE B
GENERAL OBLIGATION REFUNDING BONDS, SERIES OF 2015
WRAP AROUND DEBT SERVICE SCHEDULE

COUNTY OF KENTON

[illegible][illegible][illegible]

Country	Country page	Country start services
Algeria	Algeria	Algeria start services
Angola	Angola	Angola start services
Argentina	Argentina	Argentina start services
Australia	Australia	Australia start services
Austria	Austria	Austria start services
Bahamas	Bahamas	Bahamas start services
Bahrain	Bahrain	Bahrain start services
Bangladesh	Bangladesh	Bangladesh start services
Barbados	Barbados	Barbados start services
Belgium	Belgium	Belgium start services
Belize	Belize	Belize start services
Bermuda	Bermuda	Bermuda start services
Bhutan	Bhutan	Bhutan start services
Bolivia	Bolivia	Bolivia start services
Bosnia and Herzegovina	Bosnia and Herzegovina	Bosnia and Herzegovina start services
Botswana	Botswana	Botswana start services
Brazil	Brazil	Brazil start services
Bulgaria	Bulgaria	Bulgaria start services
Burkina Faso	Burkina Faso	Burkina Faso start services
Burundi	Burundi	Burundi start services
Cameroon	Cameroon	Cameroon start services
Canada	Canada	Canada start services
Cape Verde	Cape Verde	Cape Verde start services
Cayman Islands	Cayman Islands	Cayman Islands start services
Chad	Chad	Chad start services
Chile	Chile	Chile start services
China	China	China start services
Colombia	Colombia	Colombia start services
Costa Rica	Costa Rica	Costa Rica start services
Croatia	Croatia	Croatia start services
Cuba	Cuba	Cuba start services
Cyprus	Cyprus	Cyprus start services
Czechia	Czechia	Czechia start services
Dominica	Dominica	Dominica start services
Dominican Republic	Dominican Republic	Dominican Republic start services
DRC	DRC	DRC start services
Ecuador	Ecuador	Ecuador start services
Egypt	Egypt	Egypt start services
El Salvador	El Salvador	El Salvador start services
Equatorial Guinea	Equatorial Guinea	Equatorial Guinea start services
Eritrea	Eritrea	Eritrea start services
Estonia	Estonia	Estonia start services
Ethiopia	Ethiopia	Ethiopia start services
Fiji	Fiji	Fiji start services
Finland	Finland	Finland start services
France	France	France start services
Gabon	Gabon	Gabon start services
Gambia	Gambia	Gambia start services
Germany	Germany	Germany start services
Ghana	Ghana	Ghana start services
Greece	Greece	Greece start services
Guatemala	Guatemala	Guatemala start services
Guinea	Guinea	Guinea start services
Guinea-Bissau	Guinea-Bissau	Guinea-Bissau start services
Haiti	Haiti	Haiti start services
Honduras	Honduras	Honduras start services
Hungary	Hungary	Hungary start services
Iceland	Iceland	Iceland start services
India	India	India start services
Indonesia	Indonesia	Indonesia start services
Iran	Iran	Iran start services
Ireland	Ireland	Ireland start services
Israel	Israel	Israel start services
Italy	Italy	Italy start services
Jamaica	Jamaica	Jamaica start services
Japan	Japan	Japan start services
Jordan	Jordan	Jordan start services
Kazakhstan	Kazakhstan	Kazakhstan start services
Kenya	Kenya	Kenya start services
Korea	Korea	Korea start services
Kosovo	Kosovo	Kosovo start services
Kuwait	Kuwait	Kuwait start services
Kyrgyzstan	Kyrgyzstan	Kyrgyzstan start services
Laos	Laos	Laos start services
Latvia	Latvia	Latvia start services
Lebanon	Lebanon	Lebanon start services
Lesotho	Lesotho	Lesotho start services
Lithuania	Lithuania	Lithuania start services
Luxembourg	Luxembourg	Luxembourg start services
Macao	Macao	Macao start services
Macedonia	Macedonia	Macedonia start services
Madagascar	Madagascar	Madagascar start services
Malawi	Malawi	Malawi start services
Malaysia	Malaysia	Malaysia start services
Maldives	Maldives	Maldives start services
Mali	Mali	Mali start services
Malta	Malta	Malta start services
Mauritania	Mauritania	Mauritania start services
Mauritius	Mauritius	Mauritius start services
Mexico	Mexico	Mexico start services
Moldova	Moldova	Moldova start services
Mongolia	Mongolia	Mongolia start services
Montenegro	Montenegro	Montenegro start services

* Per Capita purposes, assuming an annual variable rate of 4.02% + LOC and 0.12% + LOC for these purposes. Assume a 10 annual rate of 4.02% + LOC and 0.12% + LOC for these purposes.

111 County responsible for portion of total debt service

COUNTY OF DEERHE
SUMMARY OF OUTSTANDING INTERESTS (PAGE 2)[illegible]

Original Pay	1,741,000	1,810,000	5,103,000	19,200,000	33,400,000	Year 2010	1,800,000	24,100,000
Reduction Cost	12,000,000	11,142,000	8,390,000	4,200,000	1,115,200	12,000,000	1,800,000	19,200,000
Principal	2,841,000	1,272,000	3,478,000	18,000,000	33,400,000	2,841,000	3,478,000	33,400,000

[illegible]

SCHEDULE C

GENERAL OBLIGATION REFUNDING BONDS, SERIES OF 2015

FORM OF AMENDED AND RESTATED INTEREST RATE MANAGEMENT PLAN

March 18, 2015 Council Meeting

**County of Luzerne
Commonwealth of Pennsylvania
Amended and Restated Interest Rate Management Plan
March 18, 2015**

OVERVIEW OF CURRENT TRANSACTIONS

In accordance with the requirements of the Local Government Unit Debt Act, 53 Pa. C.S. Chs 80-82 (the "Debt Act") this document constitutes the Amended and Restated Interest Rate Management Plan (the "Plan" or the "IRMP") of the County of Luzerne, Pennsylvania (the "County"). This Plan has been prepared by PFM Swap Advisors LLC (the "Swap Advisor"), a firm which satisfies the requirements for an "independent financial advisor" as that phrase is defined in the Debt Act. The Financial Advisor was not involved with the execution of any of the County's existing interest rate swap agreements. Further, the Financial Advisor was not involved with the review or preparation of any of the County's previously adopted Interest Rate Management Plans adopted in 2006.

Recap

PNC Fixed Payer Swap

On November 21, 2006, the County entered into an Interest Rate Management Agreement ("IRMA"), as defined in the Debt Act, hereinafter referred to as the "PNC Fixed Payer Swap", with PNC Bank, National Association ("PNC"). Under the terms of the PNC Fixed Payer Swap, the County pays to PNC a fixed rate of 4.0125%, payable on a semi-annual basis every May 15 and November 15, and PNC pays to the County a variable rate equal to the SIFMA Index, which resets weekly, payable on a monthly basis on the 15th of each month. The County has been exchanging cash flows with PNC since its effective date on December 14, 2006.

The PNC Fixed Payer Swap was intended by the County to manage interest rates and costs associated with a portion of the County's General Obligation Notes, Series A of 2006 (the "2006A Notes"). The PNC Fixed Payer Swap had a beginning notional amount of \$35,400,000, and was structured to coincide with the amortization of the 2006A Notes, with a termination date of November 15, 2026.

JPMorgan Fixed Payer Swap

On November 21, 2006, the County entered into an Interest Rate Management Agreement ("IRMA"), as defined in the Debt Act, hereinafter referred to as the "JPMorgan Fixed Payer Swap", with JPMorgan Chase Bank N.A. ("JPMorgan"). Under the terms of the JPMorgan Fixed Payer Swap, the County pays to JPMorgan a fixed rate of 4.0125% payable on a semi-annual basis every May 15 and November 15 and JPMorgan pays to the County a variable rate equal to the SIFMA Index, which resets weekly, payable on a monthly basis on the 15th of each month. The County has been exchanging cash flows with JPMorgan since its effective date on December 14, 2006.

The JPMorgan Fixed Payer Swap was intended by the County to manage interest rates and costs associated with the County's General Obligation Notes, Series A of 2006 (the "2006A Notes"). The JPMorgan Fixed Payer Swap had a beginning notional amount of \$53,120,000, and was structured to coincide with the amortization of the 2006A Notes, with a termination date of November 15, 2026.

PNC Basis Swap

On December 8, 2006, on a forward starting basis, the County entered into an Interest Rate Management Agreement ("IRMA"), as defined in the Debt Act, hereinafter referred to as the "PNC Basis Swap", with PNC Bank, National Association ("PNC"). Under the terms of the PNC Basis Swap, the County pays to PNC a variable rate equal to the SIFMA Index, which resets weekly, payable on a semi-annual basis every April 1st and October 1st and PNC pays to the County a variable rate equal to the 67% of 1 Month LIBOR, which resets monthly, payable semi-annual basis every April 1st and October 1st. The County

March 18, 2015 Council Meeting

has been exchanging cash flows with PNC since its effective date on June 1, 2013. In addition, on December 14, 2006, the County received an upfront payment of \$1,008,000 from PNC.

The PNC Basis Swap was intended by the County to manage interest rates and costs associated with a portion of the County's General Obligation Notes, Series A of 2006 (the "2006A Notes") and the County's General Obligation Bonds, Series C of 2003 (the "2003C Bonds") (collectively, the "Existing Basis Swap Related Bonds"). The PNC Basis Swap had a beginning notional amount of \$40,000,000, and was structured to coincide with the amortization of the Existing Basis Swap Related Bonds, with a termination date of October 1, 2026.

JPMorgan Basis Swap

On December 8, 2006, on a forward starting basis, the County entered into an Interest Rate Management Agreement ("IRMA"), as defined in the Debt Act, hereinafter referred to as the "JPMorgan Basis Swap", with JPMorgan Chase Bank, N.A. ("JPMorgan"). Under the terms of the JPMorgan Basis Swap, the County pays to JPMorgan a variable rate equal to the SIFMA Index, which resets weekly, payable on a semi-annual basis every April 1st and October 1st and JPMorgan pays to the County a variable rate equal to the 67% of 1 Month LIBOR, which resets monthly, payable semi-annual basis every April 1st and October 1st. The County has been exchanging cash flows with JPMorgan since its effective date on June 1, 2013. In addition, on December 14, 2006, the County received an upfront payment of \$1,580,000 from JPMorgan.

The JPMorgan Basis Swap was intended by the County to manage interest rates and costs associated with a portion of the County's General Obligation Notes, Series A of 2006 (the "2006A Notes"). The JPMorgan Basis Swap had a beginning notional amount of \$60,000,000, and was structured to coincide with the amortization of the Basis Swap Related Bonds, with a termination date of October 1, 2026.

New Actions

PNC Fixed Payer Swap

On or after April 15, 2015 the County intends to refund and retire the 2006A Notes with a portion of the proceeds from the County's General Obligation Bonds, Series A of 2015 (the "2015A Bonds"), to be issued in one or more series, in the estimated amount of \$104,885,000 (maximum amount of \$145,735,000). The County intends on terminating the PNC Fixed Payer Swap concurrently with the issuance of the 2015A Bonds. A portion of the proceeds of the 2015A Bonds will be used to fund the termination payment owed to PNC as a result of the termination of the PNC Fixed Payer Swap. Once the PNC Fixed Payer Swap is terminated and the proceeds of the 2015A Bonds are used to pay for the termination amount, the PNC Fixed Payer Swap will no longer be outstanding and any risks associated with the PNC Fixed Payer Swap will no longer exist.

JPMorgan Fixed Payer Swap

On or after April 15, 2015, the County intends to refund and retire the 2006A Notes with a portion of the proceeds from the County's General Obligation Bonds, Series A of 2015 (the "2015A Bonds"), to be issued in one or more series, in the estimated amount of \$103,590,000 (maximum amount of \$145,735,000). The County intends on terminating the JPMorgan Fixed Payer Swap concurrently with the issuance of the 2015A Bonds. A portion of the proceeds of the 2015A Bonds will also be used to fund the termination payment owed to JPMorgan as a result of the termination of the JPMorgan Fixed Payer Swap. Once the JPMorgan Fixed Payer Swap is terminated and the proceeds of the 2015A Bonds are used to pay for the termination amount, the JPMorgan Fixed Payer Swap will no longer be outstanding and any risks associated with the JPMorgan Fixed Payer Swap will no longer exist.

PNC Basis Swap

On or after April 15, 2015 the County intends to refund and retire the 2006A Notes with a portion of the proceeds from the County's General Obligation Bonds, Series A of 2015 (the "2015A Bonds"), to be issued in one or more series, in the estimated amount of \$104,885,000 (maximum amount of \$145,735,000). The County intends on keeping the PNC Basis Swap outstanding and transferring it from the 2006A Notes to the 2015A Bonds.

March 18, 2015 Council Meeting

Through an amendment to the Confirmation and the Schedule to the Master Agreement of the PNC Basis Swap in the definition of "Related Bonds" and following the refunding of the 2006A Notes by the 2015A Bonds, the PNC Basis Swap will be related to the 2003C Bonds and the 2015A Bonds until the termination date of the PNC Basis Swap on October 1, 2026.

The terms and conditions and risks associated with the PNC Basis Swap will be identical to the terms and conditions and risks as they were adopted in December 2006, with only the definition of Related Bonds being amended from the 2006A Notes and 2003C Bonds to the 2015A Bonds and 2003C Bonds.

JPMorgan Basis Swap

On or after April 15, 2015 the County intends to refund and retire the 2006A Notes with a portion of the proceeds from the County's General Obligation Bonds, Series A of 2015 (the "2015A Bonds"), to be issued in one or more series, in the estimated amount of \$104,885,000 (maximum amount of \$145,735,000). The County intends on keeping the JPMorgan Basis Swap outstanding and transferring it from the 2006A Notes and to the 2015A Bonds.

Through an amendment to the Confirmation and the Schedule to the Master Agreement of the JPMorgan Basis Swap in the definition of "Related Bonds" and following the refunding of the 2006A Notes by the 2015A Bonds, the JPMorgan Basis Swap will be related to the 2015A Bonds until the termination date of the PNC Basis Swap on October 1, 2026.

The terms and conditions and risks associated with the JPMorgan Basis Swap will be identical to the terms and conditions and risks as they were adopted in December 2006, with only the definition of Related Bonds being amended from the 2006A Notes the 2015A Bonds.

March 18, 2013 Council Meeting

I. Debt Outstanding and Proposed New Debt

The County has total direct debt outstanding of approximately \$260,541,158 including the issuance of the 2013A Bonds. Schedules of currently outstanding debt issues are shown in Schedule 1A and 1B, attached hereto and incorporated herein by this reference.

II. Swaps Outstanding

Following the termination of the PNC Fixed Payer Swap and the JPMorgan Fixed Payer Swap and other than the PNC Basis Swap and JPMorgan Basis Swap mentioned in the Overview of Current Transactions above, the County is not obligated under any additional IRMAs, as described in Schedule 2.

III. Swap Fees Paid or Payable

The amounts of all consulting, advisory, brokerage or similar fees payable directly by the County in connection with the termination of the PNC Fixed Payer Swap, termination of the JPMorgan Fixed Payer Swap, transfer of the PNC Basis Swap, transfer of the JPMorgan Basis Swap as well as the perpetuation of this Plan are listed on Schedule 4.

IV. Scheduled Periodic Payments

Schedules of estimated and maximum periodic scheduled annual payments to be paid by the County are shown below and are attached hereto and incorporated herein by this reference.

PNC Basis Swap -- Schedules 4A & 4B
JPMorgan Basis Swap -- Schedules 5A & 5B

V. Risk Analysis

The table below summarizes the schedules available showing the varying risks related to all of the County's IRMAs.

Chart	PNC Basis Swap	JPMorgan Basis Swap
Summary of Risks	Schedule 4C	Schedule 5C
Termination Risk	Schedule 4D	Schedule 5D
Cash Flow Risk	Schedule 4E	Schedule 5E
Estimated Total Net Payments*	Schedule 4F	Schedule 5F
Maximum Total Net Payments*	Schedule 4G	Schedule 5G

* Including payments on the County's refund bond issues

VI. Monitoring of County's Swaps

The Debt Act requires the County to monitor risks and market (termination) values associated with its remaining IRMA.

A written report providing the status of all interest rate swap agreements entered into by the County will be prepared by or on behalf of the County and provided to the County Manager at least on an annual basis (or other basis, if so directed by the County Manager and/or the County Council).

Schedule 1A
Current Estimated Debt Service
Outstanding Bonds

Plant	Company Name	Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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appears to imply that a small group of individuals is making a big difference for good. While the concept of a "small group" is somewhat subjective, it is usually defined as a group of individuals who are involved in a common purpose or activity.

March 18, 2013 Council Meeting

Schedule 1B
Current Maximum Debt Service
Outstanding Bonds

Item	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	12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March 18, 2013 Council Meeting

Schedule 3

Other Outstanding Qualified Interest Rate Management Agreements

Other than the PNC Basis Swap and JPMorgan Basis Swap mentioned in Overview of Current Transaction section of this Plan, the County is not obligated under any additional IRMAs.

**Schedule 3
Summary of Fees Paid**

In connection with the termination of the PNC Fixed Payer Swap, termination of the JPMorgan Fixed Payer Swap, transfer of the PNC Basis Swap, transfer of the JPMorgan Basis Swap as well as the preparation of this Plan, the Issuer will pay estimated fees as shown below.

We are not aware of any other fees payable by the Issuer. The Counterparty to the best of our knowledge has not paid any related finder's fees, consulting fees, or brokerage fees. The Issuer may contract for services related to GASB reporting or future updates to the interest rate management plan.

	Swap Related Fees
PFM Swap Advisors LLC <i>Swap Advisor</i>	\$20,000
Saul Ewing LLP <i>Swap Counsel</i>	\$ _____

March 18, 2015 Council Meeting



PNC Basis Swap

Amended and Restated Interest Rate Management Plan

9

March 18, 2015 Council Meeting

March 18, 2015 Council Meeting

**Schedule 4A
PNC Basis Swap
Estimated Periodic Scheduled Payments**

1	2	3	4	5	6
Fiscal Year Ending	Principal Date	Notional	Receive 67% of 1 Month LIBOR (1) 1.990%	Pay SIPMA (2) 3.020%	Fiscal Year Total
12/31/2015	10/1/2015	39,173,000	(389,791.25)	395,667.50	5,876.25
12/31/2016	10/1/2016	38,680,000	(769,732.00)	781,336.00	11,604.00
12/31/2017	10/1/2017	37,840,000	(753,016.00)	764,368.00	11,352.00
12/31/2018	10/1/2018	35,813,000	(708,738.50)	719,423.00	10,684.50
12/31/2019	10/1/2019	33,115,000	(638,988.50)	668,923.00	9,934.50
12/31/2020	10/1/2020	30,505,000	(607,049.50)	616,201.00	9,151.50
12/31/2021	10/1/2021	27,780,000	(552,822.00)	561,136.00	8,334.00
12/31/2022	10/1/2022	24,120,000	(479,968.00)	487,224.00	7,256.00
12/31/2023	10/1/2023	20,310,000	(404,169.00)	410,262.00	6,093.00
12/31/2024	10/1/2024	16,340,000	(325,166.00)	330,068.00	4,902.00
12/31/2025	10/1/2025	11,265,000	(224,173.50)	227,333.00	3,379.50
12/31/2026	10/1/2026	5,985,000	(119,101.50)	120,897.00	1,795.50
TOTALS			(6,992,735.75)	6,083,078.50	90,343.75

(1) For these purposes, 67% of 1 Month LIBOR assumed at 1.990%, received semi-annually

(2) For these purposes, SIPMA assumed at 3.020%, paid semi-annually

For these purposes, assumes 20 year historical averages for 67% of 1 Month LIBOR and SIPMA. Only includes payments made after April 1, 2015

March 18, 2015 Council Meeting

**Schedule 4B
PNC Basis Swap
Maximum Periodic Scheduled Payments**

1	2	3	4	5	6
Fiscal Year Ending	Principal Date	Monthly	Receives 67% of 1 Month LIBOR (1) 0.000%	Pays SIFMA (2) 25.000%	Fiscal Year Total
12/31/2015	10/1/2015	39,175,000	0.00	4,896,875.00	4,896,875.00
12/31/2016	10/1/2016	38,680,000	0.00	9,678,000.00	9,678,000.00
12/31/2017	10/1/2017	37,840,000	0.00	9,440,000.00	9,440,000.00
12/31/2018	10/1/2018	35,615,000	0.00	8,903,750.00	8,903,750.00
12/31/2019	10/1/2019	33,113,000	0.00	8,278,750.00	8,278,750.00
12/31/2020	10/1/2020	30,505,000	0.00	7,436,250.00	7,436,250.00
12/31/2021	10/1/2021	27,790,000	0.00	6,945,000.00	6,945,000.00
12/31/2022	10/1/2022	24,130,000	0.00	6,030,000.00	6,030,000.00
12/31/2023	10/1/2023	20,310,000	0.00	5,077,500.00	5,077,500.00
12/31/2024	10/1/2024	16,340,000	0.00	4,085,000.00	4,085,000.00
12/31/2025	10/1/2025	11,265,000	0.00	2,816,250.00	2,816,250.00
12/31/2026	10/1/2026	5,945,000	0.00	1,496,250.00	1,496,250.00
TOTALS			0.00	78,385,625.00	78,385,625.00

(1) For these purposes, 67% of 1 Month LIBOR assumed at 0.000%, received semi-annually

(2) For these purposes, SIFMA assumed at 25.000%, paid semi-annually

For these purposes, assumed maximum County payment per PNC Basis Swap Cash flow terms. Only includes payments made after April 1, 2015.

Schedule 4C
Risk Summary for PNC Basis Swap

Brief Definition/Explanation		Risk Analysis		Example		Mitigation
1) Termination Risk	At that the County is forced to liquidate the PNC Basis Swap when it occurs a termination payment to the County.	Would require a payment default, or bankruptcy by the County, or a reduction in the County's credit rating below threshold as defined in ISDA documents.		See Schedule 4D for the potential payments owed.		Good financial management, Monitor
2) Basis Risk	Shortfall between the interest rate paid (SIFMA) and the rate received (67% of 1 Month LIBOR) on the PNC Basis Swap	Could result in a rate paid (SIFMA) that is higher than the rate received (67% of 1 Month LIBOR) in which the County makes net payments to the County.		Interest rate paid (SIFMA) may be higher than interest rate received (67% of 1 Month LIBOR), and may occur for entire term of the PNC Basis Swap		The County could maintain a Rate Substitution & Improvement Fund for PNC Basis Swap
3) Year Risk	Shortfall between the rate paid on the PNC Basis Swap and the rate received on the PNC Basis Swap caused by a reduction in the elimination of the benefit of the tax-exemption of municipal bonds, e.g. a tax cut.	Could result in a rate paid (SIFMA) that is higher than the rate received (67% of 1 Month LIBOR) in which the County makes net payments to the County.		See Schedule 4B		The County could maintain a Rate Substitution & Improvement Fund for PNC Basis Swap
4) Counterparty Credit (Default) Risk	Risk of a payment default on a swap by the County which results in an economic loss to the County.	Requires that defaulters with ratings of three, requires monitoring of County's credit ratings.		See Schedules 4D for the potential exposures.		Selected a counterparty with high credit ratings and consistently excellent
5) Legislative Risk	Risk that a legislative change to existing law would require the County to terminate the swap.	Would require a change to existing law by legislative action.		See 4D for the potential payments owed.		Good financial management

Note 1: Swap values are expected to be reported to the County's annual financial statements.

March 18, 2015 Council Meeting

Schedule 4D
Termination Values
PNC Basis Swap

Effective Date 3/9/15
Swap Maturity 10/1/26
Floating Index 67.0% of LIBOR
LIBOR Swap Rate 2.15%

PRESENT VALUE GAIN (LOSS) OF CHANGE IN RATIO

Effective Date of Change	Notional Amount	SIMULATED LIBOR Ratio					
		66.8%	67.0%	68.8%	90.8%	95.0%	100.8%
3/9/15	\$39,175,000	\$439,378	\$0	(\$815,987)	(\$1,443,669)	(\$1,757,511)	(\$2,071,352)
10/1/15	\$38,680,000	\$389,082	\$0	(\$723,581)	(\$1,276,412)	(\$1,556,328)	(\$1,834,243)
10/1/16	\$37,840,000	\$338,457	\$0	(\$628,563)	(\$1,112,073)	(\$1,353,827)	(\$1,595,583)
10/1/17	\$35,615,000	\$288,023	\$0	(\$534,897)	(\$946,336)	(\$1,153,046)	(\$1,357,816)
10/1/18	\$33,115,000	\$239,893	\$0	(\$443,316)	(\$788,231)	(\$939,374)	(\$1,130,026)
10/1/19	\$30,505,000	\$194,542	\$0	(\$361,392)	(\$639,209)	(\$778,167)	(\$917,136)
10/1/20	\$27,780,000	\$152,194	\$0	(\$282,647)	(\$500,067)	(\$608,777)	(\$717,488)
10/1/21	\$24,120,000	\$113,091	\$0	(\$210,027)	(\$371,386)	(\$432,365)	(\$533,145)
10/1/22	\$20,310,000	\$78,729	\$0	(\$146,211)	(\$258,642)	(\$314,917)	(\$371,152)
10/1/23	\$16,240,000	\$49,439	\$0	(\$91,816)	(\$162,443)	(\$197,737)	(\$233,071)
10/1/24	\$11,265,000	\$23,573	\$0	(\$47,496)	(\$84,831)	(\$102,289)	(\$120,567)
10/1/25	\$5,945,000	\$8,539	\$0	(\$16,601)	(\$29,370)	(\$35,753)	(\$42,140)
10/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The mid-market value of the PNC Basis Swap as of March 6, 2015 is approximately (\$676,758)

March 18, 2015 Council Meeting

Schedule 4B
Cash Flows
PNC Basis Swap

Notional Amount **805,375,000**
LIBOR Basis 67.09%
Fixed Margin 0.0009%

Annual Swap Cashflow Sensitivity

		Actual SUPRA/LIBOR Basis				
LIBOR						
Rate	80.02%	67.02%	80.02%	80.02%	100.02%	
1.00%	27,423	0	(50,820)	(90,163)	(129,278)	
2.00%	34,845	0	(101,635)	(180,325)	(258,533)	
3.00%	82,268	0	(152,793)	(270,508)	(387,833)	
4.00%	109,690	0	(203,710)	(360,410)	(517,110)	
5.00%	137,113	0	(254,639)	(450,313)	(646,388)	
6.00%	164,535	0	(305,565)	(540,613)	(775,665)	
7.00%	191,958	0	(356,483)	(630,710)	(904,943)	
8.00%	219,380	0	(407,402)	(720,820)	(1,034,220)	
9.00%	246,803	0	(458,340)	(810,923)	(1,163,498)	
10.00%	274,225	0	(509,277)	(901,025)	(1,292,775)	

Schedule 4F
New PNC Bonds Sweep Related Bonds and PNC Bonds Sweep
Estimated Periodic Scheduled Payments

1	2	3	4	5	6	7
	New Related Bonds (C)		PNC Bonds Sweep			
Fiscal Year Endline	Pay Principal	Pay Interest	Reaches 67% of 1 Month LIBOR (C)	Pay SOPMA (C) 2.025%		Fiscal Year Total
12/31/2015	1,740,000	5,517,300.00	(589,797.32)	385,667.50		5,263,274.32
12/31/2016	1,315,000	5,583,335.00	(749,732.00)	791,306.00		6,812,138.00
12/31/2017	3,820,000	5,516,500.00	(753,076.00)	764,368.00		9,347,832.00
12/31/2018	4,450,000	5,322,050.00	(708,738.50)	719,422.00		9,782,734.50
12/31/2019	4,660,000	5,075,912.50	(658,989.50)	668,923.00		9,745,847.00
12/31/2020	4,915,000	4,859,100.00	(607,049.50)	616,281.00		9,783,231.50
12/31/2021	6,780,000	4,609,350.00	(553,822.00)	551,156.00		11,297,684.00
12/31/2022	7,470,000	4,268,000.00	(479,888.00)	487,234.00		11,745,336.00
12/31/2023	7,600,000	3,894,500.00	(404,149.00)	410,262.00		11,300,563.00
12/31/2024	10,480,000	3,594,500.00	(325,166.00)	330,668.00		13,999,402.00
12/31/2025	10,925,000	3,980,500.00	(234,175.50)	237,533.00		13,908,879.50
12/31/2026	12,600,000	2,434,250.00	(119,101.50)	120,897.00		15,024,045.50
12/31/2027	3,040,000	1,894,350.00				4,934,350.00
12/31/2028	24,545,000	1,632,250.00				26,177,250.00
12/31/2029	8,500,000	422,000.00				8,922,000.00
TOTALS	123,040,000	53,469,180.50	(5,979,276.78)	6,033,071.50		182,897,534.32

(1) Includes the County's Series C of 2002 Bonds and the Series A of 2015 Bonds

(2) For these purposes, 67% of 1 Month LIBOR assumed at 1.990%, received quarterly

(3) For these purposes, SOPMA assumed at 2.025%, paid quarterly

For these purposes, assumes 30 year identical escalates for 67% of 1 Month LIBOR and SOPMA. Only includes payments made after April 1, 2015

Schedule 4G
New Related Bonds and 2004 CMS Swap
Maximum Periodic Scheduled Payments

1	2	3	4	5	6	7
Financial Year Ending	New Related Bonds (\$)		Maximum L. Month 1.18.20. (2)	Maximum 87% of L. Month 1.18.20. (2)	Pay 302.5M. (2)	Financial Year Total
12/31/2015	1,740,000	3,517,320.00	59,175,000	0.00	4,886,875.00	10,194,373.00
12/31/2016	1,315,000	5,381,253.89	34,680,000	0.00	9,470,000.00	16,870,523.00
12/31/2017	3,820,000	5,511,500.00	37,840,000	0.36	9,440,000.00	18,796,500.00
12/31/2018	4,480,000	5,322,050.00	55,613,000	0.00	8,983,750.00	18,875,800.00
12/31/2019	4,660,000	3,091,913.30	33,111,000	0.00	8,270,750.00	18,034,663.30
12/31/2020	4,915,000	4,879,100.00	30,500,000	0.00	7,436,350.00	17,400,350.00
12/31/2021	4,780,000	4,605,353.00	27,780,000	0.00	6,943,000.00	16,334,339.00
12/31/2022	7,470,000	4,265,000.00	24,170,000	0.00	8,030,000.00	17,760,000.00
12/31/2023	7,800,000	3,894,500.30	20,310,000	0.00	5,077,500.00	14,772,000.00
12/31/2024	10,480,000	3,304,500.00	14,340,000	0.00	4,085,500.00	18,069,500.00
12/31/2025	10,925,000	2,980,500.00	11,285,000	0.00	3,814,350.00	14,731,350.00
12/31/2026	12,600,000	1,454,350.00	3,985,000	0.00	1,494,350.00	14,530,500.00
12/31/2027	3,040,000	1,404,350.00				4,844,350.00
12/31/2028	24,540,000	7,652,550.00				24,197,250.00
12/31/2029	6,500,000	425,000.00				8,925,000.00
TOTALS	113,240,000	53,460,387.52		0.00	78,281,613.00	243,794,813.30

(1) Includes the County's Series C of 2003 Bonds and the Series A of 2015 Bonds

(2) For these purposes, 87% of 1 Month LIBOR, rounded up to 0.0007%, stated quarterly

(3) For these purposes, 302.5M. rounded up to 302,500,000, paid quarterly

For these purposes, interest includes County payments per PRC Bonds Swap Confirmation. Only includes payments made after April 1, 2015.



JPMorgan Basis Swap

March 18, 2015 Council Meeting

Schedule 5A
JPMorgan Basis Swap
Estimated Periodic Scheduled Payments

1	2	3	4	5	6
Fiscal Year Ending	Principal Date	Notional	Receive 67% of 1 Month LIBOR (1) 1.990%	Pay SIPMA (2) 3.020%	Fiscal Year Total
12/31/2015	10/1/2015	58,765,000	(584,910.73)	593,728.50	8,817.75
12/31/2016	10/1/2016	58,040,000	(1,154,996.00)	1,172,408.00	17,412.00
12/31/2017	10/1/2017	56,780,000	(1,129,922.00)	1,146,854.00	17,034.00
12/31/2018	10/1/2018	53,440,000	(1,263,456.00)	1,079,688.00	16,032.00
12/31/2019	10/1/2019	49,685,000	(988,731.50)	1,003,637.00	14,905.50
12/31/2020	10/1/2020	45,765,000	(710,723.50)	934,453.00	13,729.50
12/31/2021	10/1/2021	41,673,000	(829,332.50)	841,833.00	12,500.50
12/31/2022	10/1/2022	36,390,000	(720,181.00)	731,038.00	10,857.00
12/31/2023	10/1/2023	30,470,000	(604,353.00)	615,494.00	9,141.00
12/31/2024	10/1/2024	24,515,000	(487,648.50)	493,203.00	7,354.50
12/31/2025	10/1/2025	18,385,000	(336,409.50)	341,481.00	5,071.50
12/31/2026	10/1/2026	8,880,000	(178,702.00)	181,396.00	2,694.00
TOTALS			(8,991,566.25)	9,187,117.80	135,312.35

(1) For these purposes, 67% of 1 Month LIBOR assumed at 1.990%, received semi-annually

(2) For these purposes, SIPMA assumed at 3.020%, paid semi-annually

For these purposes, assumes 30 year historical averages for 67% of 1 Month LIBOR and SIPMA. Only includes payments made after April 1, 2015

March 18, 2013 Council Meeting

Schedule 5B
JPMorgan Basis Swap
Maximum Periodic Scheduled Payments

1	2	3	4	5	6
Fiscal Year Ending	Principal Date	Notional	Receives 67% of 1 Month LIBOR (1) 0.000%	Pays NIPMA (2) 25.000%	Fiscal Year Total
12/31/2013	10/1/2013	58,793,000	0.00	7,348,125.00	7,348,125.00
12/31/2014	10/1/2014	58,040,000	0.00	14,310,000.00	14,310,000.00
12/31/2015	10/1/2015	56,790,000	0.00	14,195,000.00	14,195,000.00
12/31/2016	10/1/2016	53,440,000	0.00	13,340,000.00	13,340,000.00
12/31/2017	10/1/2017	49,685,000	0.00	12,421,250.00	12,421,250.00
12/31/2018	10/1/2018	45,765,000	0.00	11,441,250.00	11,441,250.00
12/31/2019	10/1/2019	41,675,000	0.00	10,418,750.00	10,418,750.00
12/31/2020	10/1/2020	36,110,000	0.00	9,047,500.00	9,047,500.00
12/31/2021	10/1/2021	30,470,000	0.00	7,617,500.00	7,617,500.00
12/31/2022	10/1/2022	24,515,000	0.00	6,128,750.00	6,128,750.00
12/31/2023	10/1/2023	18,905,000	0.00	4,236,250.00	4,236,250.00
12/31/2024	10/1/2024	8,080,000	0.00	2,245,000.00	2,245,000.00
TOTALS			0.00	112,933,375.00	112,933,375.00

(1) For these payments, 67% of 1 Month LIBOR interest at 0.000%, received semi-annually

(2) For these payments, NIPMA interest at 25.000%, paid semi-annually

For these payments, assumes maximum County payments per JPMorgan Basis Swap Confirmation. Only includes payments made after April 1, 2015.

Schedule 5C
Risk Summary for JPMorgan Basis Swap

	Risk Definition/Explanation	Mitigation	Example	Alignment
1) Termination Risk	Risk that the County is forced to liquidate the JPMorgan Basis Swap when it over a termination payment to the Counterparty.	Would require a payment default, or bankruptcy by the County, or a reduction in the County's credit rating below threshold as defined in ISDA documents.	See Schedule 5D for the potential payments owed.	Good financial management, Monitor
2) Basis Risk	Schedule 5B contains the interest rate paid (SIFMA) and the rate received (67% of 1 Month LIBOR) on the JPMorgan Basis Swap.	Could result in a rate paid (SIFMA) that is higher than the rate received (67% of 1 Month LIBOR) in which the County makes net payments to the Counterparty.	Interest rate paid (SIFMA) may be higher than interest rate received (67% of 1 Month LIBOR), and may exist for entire term of the JPMorgan Basis Swap.	The County could maintain a Rate Stabilization & Improvement Fund for PNC Basis Swap.
3) Tax Risk	Should between the rate paid on the JPMorgan Basis Swap and the rate received on the PNC Basis Swap caused by a reduction in or elimination of the benefit of the tax exemption of municipal bonds, e.g. a tax cut.	Could result in a rate paid (SIFMA) that is higher than the rate received (67% of 1 Month LIBOR) in which the County makes net payments to the Counterparty.	See Schedule 5E.	The County could maintain a Rate Stabilization & Improvement Fund for JPMorgan Basis Swap.
4) Counterparty Credit (Default) Risk	Risk of a payment default on a swap by the Counterparty which results in an economic loss to the County.	Requires that disclosure with passage of time, requires monitoring of Counterparty credit ratings.	See Schedule 5D for the potential exposure.	Selected a counterparty with high credit ratings and creditworthiness.
5) Legislative Risk	Risk that a legislative change in existing law would require the County to terminate the swap.	Would require a change to existing law by legislative action.	See 5D for the potential payments owed.	Good financial management

Note: Swap values not required to be represented on the County's annual financial statements.

March 18, 2015 Council Meeting

Schedule 5D
Termination Values
JPMorgan Basis Swap

Effective Date 3/9/13
Swap Maturity 10/1/26
Floating Index 67.0% of LIBOR
LIBOR Swap Rate 3.15%

PRESENT VALUE GAIN (LOSS) OF CHANGE IN RATE

Effective Date of Change	Notional Amount	EDMA/LIBOR Ratio					
		60.0%	67.0%	80.0%	90.0%	95.0%	100.0%
3/9/13	\$58,783,000	\$659,334	\$0	(\$1,334,338)	(\$2,166,119)	(\$3,637,014)	(\$3,107,910)
10/1/13	\$58,040,000	\$583,780	\$0	(\$1,084,162)	(\$1,918,133)	(\$3,333,119)	(\$2,752,104)
10/1/14	\$56,780,000	\$507,815	\$0	(\$943,085)	(\$1,643,534)	(\$2,871,258)	(\$2,393,984)
10/1/15	\$53,440,000	\$432,134	\$0	(\$800,535)	(\$1,419,870)	(\$1,728,572)	(\$2,037,204)
10/1/16	\$49,683,000	\$358,918	\$0	(\$668,418)	(\$1,182,988)	(\$1,439,670)	(\$1,696,784)
10/1/17	\$45,765,000	\$291,873	\$0	(\$542,049)	(\$959,010)	(\$1,167,491)	(\$1,375,971)
10/1/18	\$41,873,000	\$228,341	\$0	(\$424,063)	(\$730,267)	(\$913,366)	(\$1,076,467)
10/1/19	\$36,190,000	\$169,880	\$0	(\$315,123)	(\$537,321)	(\$678,721)	(\$799,921)
10/1/20	\$30,470,000	\$118,133	\$0	(\$219,377)	(\$386,118)	(\$472,491)	(\$556,865)
10/1/21	\$24,313,000	\$74,181	\$0	(\$137,764)	(\$243,737)	(\$296,733)	(\$349,710)
10/1/24	\$16,903,000	\$38,377	\$0	(\$71,272)	(\$126,090)	(\$153,508)	(\$180,920)
10/1/25	\$8,980,000	\$19,412	\$0	(\$34,398)	(\$64,068)	(\$77,645)	(\$93,228)
10/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The mid-market value of the JPMorgan as of March 6, 2015 is approximately (\$1,015,343)

March 18, 2015 Council Meeting

Schedule 5F
New PNC Basis Swap Related Bonds and PNC Basis Swap
Estimated Periodic Scheduled Payments

	New Related Bonds (1)		TPMorgan Basis Swap		
Fiscal Year Ending	Pay Principal	Pay Interest	Nettotal	Receive 67% of 1 Month LIBOR (2) 1.990%	Pay SIPMA (3) 2.030%
12/31/2015	500,000	3,021,375.00	38,785,000	(344,910.75)	593,728.50
12/31/2016	3,000	5,154,500.00	38,040,000	(1,154,996.00)	1,172,408.00
12/31/2017	3,440,000	5,154,250.00	56,780,000	(1,129,922.00)	1,146,956.00
12/31/2018	2,995,000	5,032,250.00	53,440,000	(1,063,456.00)	1,079,488.00
12/31/2019	3,135,000	4,882,500.00	49,683,000	(988,731.50)	1,003,657.00
12/31/2020	3,315,000	4,733,750.00	45,763,000	(910,723.50)	924,453.00
12/31/2021	5,840,000	4,560,000.00	41,673,000	(829,332.50)	841,833.00
12/31/2022	7,470,000	4,268,000.00	36,190,000	(720,181.00)	731,638.00
12/31/2023	7,800,000	3,894,500.00	30,470,000	(606,353.00)	613,494.00
12/31/2024	10,680,000	3,504,500.00	24,515,000	(487,848.50)	495,203.00
12/31/2025	10,925,000	2,980,500.00	16,805,000	(336,409.50)	341,481.00
12/31/2026	12,600,000	2,434,250.00	8,880,000	(178,702.00)	181,396.00
12/31/2027	3,040,000	1,804,250.00			
12/31/2028	24,545,000	1,652,250.00			
12/31/2029	8,500,000	423,000.00			
TOTALS:	103,390,000	53,493,875.00		(5,791,566.35)	9,327,117.50

(1) Includes the County's Series A of 2015 Bonds

(2) For these purposes, 67% of 1 Month LIBOR assumed at 1.990%, received quarterly

(3) For these purposes, SIPMA assumed at 2.030%, paid quarterly

For these purposes, assumes 20 year historical averages for 67% of 1 Month LIBOR and SIPMA. Only includes payments made after April 1, 2015.

March 18, 2015 Council Meeting

**Schedule 5G
New Related Bonds and 2006 CMS Swap
Maximum Periodic Scheduled Payments**

	New Related Bonds (1)		JPMorgan Swap			
Fiscal Year Ending	Pay		Notional	Receive	Pay	Fiscal Year Total
	Principal	Interest		67% of 1 Month LIBOR (2) 0.000%	SIFMA (3) 25.000%	
12/31/2015	500,000	3,021,375.00	58,785,000	0.00	7,348,125.00	10,869,500.00
12/31/2016	5,000	3,154,500.00	58,840,000	0.00	14,510,000.00	19,669,500.00
12/31/2017	2,440,000	3,154,250.00	56,780,000	0.00	14,195,000.00	21,789,250.00
12/31/2018	3,895,000	3,032,250.00	55,480,000	0.00	13,360,000.00	21,387,250.00
12/31/2019	3,135,000	4,882,500.00	49,680,000	0.00	12,421,250.00	20,438,750.00
12/31/2020	3,315,000	4,723,750.00	45,745,000	0.00	11,441,250.00	19,482,000.00
12/31/2021	3,840,000	4,560,000.00	41,675,000	0.00	10,418,750.00	20,818,750.00
12/31/2022	7,070,000	4,208,000.00	36,190,000	0.00	9,047,500.00	20,785,500.00
12/31/2023	7,800,000	3,854,500.00	30,470,000	0.00	7,517,500.00	19,312,000.00
12/31/2024	10,480,000	3,504,500.00	24,515,000	0.00	6,128,750.00	20,113,250.00
12/31/2025	10,325,000	2,980,500.00	16,905,000	0.00	4,226,350.00	18,131,750.00
12/31/2026	12,800,000	2,454,250.00	8,950,000	0.00	2,245,000.00	17,779,250.00
12/31/2027	3,040,000	1,804,250.00				4,844,250.00
12/31/2028	24,545,000	1,652,250.00				26,197,250.00
12/31/2029	8,300,000	435,000.00				8,735,000.00
TOTALS	103,590,000	53,493,875.00		0.00	127,959,375.00	270,043,280.00

(1) Includes the County's Series A of 2015 Bonds

(2) For these purposes, 67% of 1 Month LIBOR assumed at 0.000%, received quarterly

(3) For these purposes, SIFMA assumed at 25.000%, paid quarterly

For these purposes, assumes maximum County payment per JPMorgan Swap Confirmation. Only includes payments made after April 1, 2015.

CERTIFICATE OF CLERK TO COUNTY COUNCIL

The undersigned, Clerk to County Council of the County of Luzerne DOES HEREBY CERTIFY that:

The foregoing Ordinance authorizing the issuance of General Obligation Refunding Bonds, Series A of 2015 and General Obligation Refunding Bonds, Series B of 2015 of the County was duly moved and seconded and to enacted by a majority vote of all the County Council of said County at a duly called and convened public meeting of said Council held on March 18, 2015; that public notice of said meeting was given as required by law; that the roll of the County Council was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Linda McClosky Houck, Chair	yes
Edward A. Brominski, Vice Chair	no
Jim Bobeck	yes
Rick Williams	no
Kathy Dobash	no
Harry Haas	yes
Stephen A. Urban	no
Tim McGinley	yes
Stephen J. Urban	no
Rick Morelli	yes
Eileen M. Sorokas	no

and that said Ordinance is a true, complete and correct copy of said Ordinance, which has not been altered, amended, modified, suspended or repealed and is still in full force and effect as of the date of the delivery of this Certificate, and said Ordinance and the votes thereon have been duly recorded in the minutes.

WITNESS my hand and seal of the County this 18th day of March, 2015.

(COUNTY SEAL)

Sharon Lawrence, Temporary Clerk to County Council

COUNTY OF LUZERNE, PENNSYLVANIA

**NOTICE OF MEETING FOR CONSIDERATION
OF AND ACTION UPON A PROPOSED ORDINANCE
AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT**

NOTICE IS HEREBY GIVEN that the County Council of the County of Luzerne, Pennsylvania (the "County") will hold a public meeting on Wednesday, March 18, 2015 at 5:30 p.m. in the Council Meeting Room at the Luzerne County Courthouse, 200 North River Street, Wilkes-Barre, Pennsylvania, for the purpose of considering and acting upon a proposed ordinance (the "Ordinance") authorizing the incurrence of nonelectoral debt by the County and providing, among other things, as follows: •Authorizing the County to incur nonelectoral debt in an aggregate principal amount not to exceed approximately \$166,690,000 for the purpose of financing the current refunding of all or a portion of its General Obligation Notes, Series A of 2006 (the "Refunded 2006A Notes"), all or a portion of its General Obligation Bonds, Series C of 2002 (the "Refunded 2002C Bonds"), all or a portion of its General Obligation Bonds, Series A of 2005 (the "Refunded 2005A Bonds"), all or a portion of the Luzerne County Flood Protection Authority's Guaranteed Flood Protection Revenue Bonds, Series A of 1998 which the County guarantees (the "Refunded 1998A Bonds"; and together with the Refunded 2002C Bonds and the Refunded 2005A Bonds, hereinafter collectively referred to as the "Refunded Prior Bonds" and together with the Refunded 2006A Notes, collectively, the "Refunded Obligations"), the payment of swap termination costs associated with the current refunding of the Refunded 2006A Notes, paying any costs relating to the remarketing agent and the standby bond purchase agreement provider and paying the costs and expenses of issuing, and possibly insuring, the Bonds; •Determining and stating that the purpose of refunding the Refunded 2006A Notes is to substitute bonds for notes and the purpose of refunding the Refunded Prior Bonds is to achieve debt service savings; •Stating that the debt to be incurred is nonelectoral debt and that the Bonds will be general obligation bonds; •Finding that a private sale of the Bonds by negotiation is in the best financial interest of the County and accepting a proposal from Citigroup Global Markets Inc., as the Representative (as defined in the Ordinance); •Authorizing and directing the Chair or Vice Chair of the County Council of the County and the Clerk to County Council or Treasurer to file a debt statement, to execute and deliver the Bonds and take all other action required; •Containing a covenant by the County, that the County shall include in its budget for each fiscal year the amount of debt service on the Bonds for each such fiscal year; that it shall appropriate such amounts; that it shall duly and punctually pay the interest on and principal of the Bonds; and that for such budgeting, appropriation and payment, the full faith, credit and taxing power of the County is pledged; •Providing for the creation of a Sinking Fund and the appointment of a Paying Agent; •Providing for the forms of the Bonds; •Providing schedules of principal maturities on a not to exceed basis, and the maximum rates of interest for the Bonds; •Authorizing the purchase of insurance if deemed financially advantageous; •Authorizing the application of the proceeds of the Bonds; •Authorizing the calling for redemption of the Refunded 2006A Notes, Refunded 2002C Bonds and Refunded 2005A Bonds; •Authorizing the payment and redemption of the Refunded Obligations and providing for the deposit and pledge of funds with the paying agent/trustee for each such Refunded Obligations; •Authorizing the partial transfer of basis swaps and the termination of fixed payor swap agreements; •Approving an amended and restated interest rate management plan; •Confirming the appointment of professionals and authorizing the appointment of

such other professionals, including Underwriters (as defined in the Ordinance) ; and •Providing for other matters in connection with the issuance and sale of the Bonds.

A copy of the full proposed text of the Ordinance summarized above may be examined by any citizen in the office of Sharon Lawrence, Temporary Clerk to County Council, Luzerne County Courthouse, County Council Office, 200 North River Street, Wilkes-Barre, Pennsylvania on business days between the hours of 9:00 a.m. and 4:30 p.m.

Under the Ordinance currently on file, the County Council delegates authority to the Chair or Vice Chair to enter into an Addendum to the Bond Purchase Proposal which specifies the final terms and conditions of the Bonds (including actual interest rates and principal amounts) subject to being able to meet the parameters set forth in the Ordinance.

The Ordinance may also be amended in such other respects as the Council may deem appropriate.

If the Ordinance is enacted, a Notice of Enactment thereof, including a summary of the omitted details, and also including any amendments to the Ordinance during final passage, will be advertised after enactment and made available for examination by any citizen in accordance with the Act.

COUNTY OF LUZERNE
Sharon Lawrence, Temporary
Clerk to County Council

PURCHASE AGREEMENT

for

\$166,690,000 Maximum Aggregate Principal Amount

COUNTY OF LUZERNE, PENNSYLVANIA

General Obligation Refunding Bonds, Series A of 2015

General Obligation Refunding Bonds, Series B of 2015

MARCH 18, 2015

\$166,690,000 Maximum Aggregate Principal Amount

COUNTY OF LUZERNE, PENNSYLVANIA

General Obligation Refunding Bonds, Series A of 2015

General Obligation Refunding Bonds, Series B of 2015

PURCHASE AGREEMENT

March 18, 2015

Linda McClosky Houck, Chair
County Council
County of Luzerne
200 North River Street
Wilkes-Barre, PA 18711

Honorable Council Members:

Citigroup Global Markets Inc. (the "Representative") acting on its own behalf and as Representative of such other underwriters, if approved pursuant to the Ordinance (hereafter defined) and specified in the Addendum (hereafter defined) (collectively, together with the Representative, the "Underwriters"), acting as principal and not as a fiduciary or agent for you, offers to enter into this Purchase Agreement (the "Purchase Agreement") with the County of Luzerne, Pennsylvania (the "County"), subject to your acceptance by execution of this Purchase Agreement and its delivery to the Representative at or prior to 11:00 p.m. prevailing time, on the date hereof, as evidenced by the signature of the Chair of the County Council of the County in the space provided below, this Purchase Agreement, upon the effectiveness of the Ordinance, shall be in full force and effect in accordance with its terms and shall be binding upon the County and the Underwriters. Terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the Preliminary Official Statement (as defined below).

1. *Purchase and Sale of the Bonds.*

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the County's (i) General Obligation Refunding Bonds, Series A of

2015 (the "Series A Bonds") and (ii) General Obligation Refunding Bonds, Series B of 2015 (the "Series B Bonds" and together with the Series A Bonds referred to hereinafter collectively as the "Bonds"), in an aggregate principal amount not to exceed \$166,690,000 to be issued under an ordinance enacted by the County on or about March 25, 2015 (the "Ordinance") and more fully described herein. The Representative has been duly authorized to execute this Purchase Agreement and to act hereunder on behalf of the Underwriters. The County acknowledges and agrees that: (1) the primary role of the Underwriters as underwriters, is to purchase securities for resale to investors in an arms-length commercial transaction between the County and the Underwriters and that the Underwriters have financial and other interests that differ from those of the County; (2) the Underwriters are and have been acting solely as principals and are not acting as a municipal advisor, financial advisor, agent or fiduciary to the County or any other person or entity and have not assumed any advisory or fiduciary responsibility to the County with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the County on other matters); (3) the only obligations the Underwriters have to the County with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement or as otherwise provided by applicable law or regulations; and (4) the County has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

(b) (i) The maximum aggregate principal amount of the Bonds to be issued, the maximum annual principal maturity or mandatory sinking fund payment amounts, and the maximum interest rate(s) per annum, are set forth in Schedule 1 attached hereto and incorporated herein by this reference. The Series A Bonds and Series B Bonds are described in, and shall be issued and secured under and pursuant to, the Ordinance.

(ii) The purchase price for the Bonds shall be the par amount of the Bonds, less underwriters' discount of up to Six Dollars Fifty Cents (\$6.50) per \$1,000 of the aggregate principal amount of the Bonds actually issued, less original issue discount, if any, plus original issue premium, if any, plus accrued interest, if any. The purchase price for the Bonds shall not be less than 90% or more than 150% of the aggregate principal amount of the Bonds, plus accrued interest, if any. The purchase price, final interest rates, initial offering prices and yields, sources and uses of funds and any other appropriate terms and conditions applicable to the Series A Bonds and Series B Bonds, collectively or respectively, as applicable, and not inconsistent with the Ordinance, also shall be as set forth in an addendum to this Purchase Agreement, to be executed by both parties no earlier than April 9, 2015 and no later than the second day prior to the date of Closing (hereinafter defined) of the Bonds (the "Addendum"); provided, however, that in addition to the rights granted to the Underwriters in Section 7 of this Purchase Agreement, and without limitation thereof, the Underwriters shall have no obligation to purchase the Bonds if the Representative, in its sole judgment, determines that the Underwriters cannot market the Bonds at interest rates not exceeding the maximum interest rates per annum set forth in Schedule 1 attached hereto.

(c) The Bonds are described in, and shall be issued and secured under and pursuant to, the Ordinance. Manufacturers and Traders Trust Company in Harrisburg,

Pennsylvania or Buffalo, New York (the "Paying Agent"), shall serve as paying agent, sinking fund depositary and registrar for each series of the Bonds.

2. *Public Offering.* The Underwriters agree to make a bona fide public offering of the Bonds at the prices, not to exceed the public offering prices described above, which will be set forth on the inside cover of an Official Statement to be prepared by or on behalf of the County (the "Official Statement") in connection with the marketing and issuance of the Bonds. The Underwriters may subsequently change such offering price(s) without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the inside cover of the Official Statement. The Representative, on behalf of the Underwriters, at or prior to the date of Closing, shall deliver to the County a certificate or certificates stating the "issue price" and "yield" (as such terms are defined in the Code (hereinafter defined)) of the Bonds, in form and substance satisfactory to Bond Counsel.

3. *The Preliminary Official Statement and the Official Statement*

(a) Upon request of the Representative, on behalf of the Underwriters, following notification by the County that it intends to issue the Bonds under the Ordinance, a Preliminary Official Statement (the "Preliminary Official Statement") shall be prepared for use by the Underwriters in connection with any public offering, sale or distribution of the Bonds. The Preliminary Official Statement is deemed final by the County as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The County hereby consents to the use by the Underwriters of the Preliminary Official Statement in connection with the public offering of the Bonds.

(b) Not later than seven (7) business days after the County and the Representative execute the Addendum establishing the final terms applicable to the Bonds, and in sufficient time to accompany any confirmation that requests payment from any customer, the County shall provide to the Underwriters copies of the Official Statement satisfying the requirements of the Rule. The Official Statement shall be complete as of the date of its delivery to the Underwriters and in such quantity as the Underwriters shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The County hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds.

(c) If, after the date of any Official Statement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the County becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact

required to be stated therein or necessary to make the statements therein not misleading, the County will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the County will forthwith prepare and furnish, or cause to be prepared and furnished, at the County's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. If such notification shall be subsequent to the Closing, the County shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Representative hereby agrees to file promptly each Official Statement with the Electronic Municipal Market Access System maintained by the MSRB. Unless otherwise notified in writing by the Representative, the County can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. *Representations, Warranties, and Covenants of the County.* The County hereby represents and warrants to and covenants with the Underwriters that:

(a) The County is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth" or "State") duly created, organized and existing under the laws of the Commonwealth, and is a "local government unit" under the Local Government Unit Debt Act, as amended and supplemented (the "Act"), and has full legal right, power and authority under the Act, the County's Home Rule Charter as adopted by the electors of the County at the November 2, 2010 general election (the "Charter") and at the date of the Closing will have full legal right, power and authority under the Act, the Charter and the Ordinance (i) to enter into, execute and deliver this Purchase Agreement, the Ordinance and a Continuing Disclosure Undertaking (the "Undertaking") as described in Section 6(h)(4) hereof and all documents required hereunder and thereunder to be executed and delivered by the County (this Purchase Agreement, the Ordinance, the Undertaking and the other documents referred to in this clause (i) are hereinafter referred to as the "County Documents"), (ii) to sell, issue and deliver the Bonds to the Underwriters, as provided herein, and (iii) to carry out and consummate the transactions contemplated by the County Documents and the Official Statement, and the County has complied, and will at the Closing be in compliance in all respects, with the terms of the Act, the Charter and the County Documents as they pertain to such transactions;

(b) By all necessary official action of the County prior to or concurrently with the acceptance hereof, or such later date satisfactory to the Representative, the County has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the County of the obligations on its part, contained in the Bonds and the County Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the County Documents and any and all such other agreements and documents as may be

required to be executed, delivered and/or received by the County in order to carry out, give effect to, and consummate the transactions contemplated herein, in the Ordinance and in the Official Statement;

(c) The County Documents do or will, at Closing, constitute legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Ordinance and this Purchase Agreement, will constitute legal, valid and binding obligations of the County entitled to the benefits of the Ordinance and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge it purports to create as set forth in the Ordinance;

(d) The County is not in breach of or default in any material respect under any applicable constitutional provision, law (including the Charter) or administrative regulation of the Commonwealth or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, ordinance, agreement or other instrument to which the County is a party relating to the transaction contemplated by this Purchase Agreement or to which the County is or any of its property or assets are otherwise subject and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the County under any of the foregoing; and the execution and delivery of the Bonds, the County Documents and the adoption of the Ordinance and compliance with the provisions on the County's part contained therein, will not conflict with or constitute a breach of or default under the Charter or any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, ordinance, agreement or other instrument to which the County is a party or to which the County is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Ordinance;

(e) All authorizations and approvals of governmental authorities, or any legislative body, board, agency or commission having jurisdiction of the matter, which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under the County Documents, and the Bonds have been or will be duly obtained;

(f) The Bonds shall conform to the descriptions thereof to be set forth in the Official Statement; the description of the Ordinance to be contained in the Official Statement shall conform to the Ordinance; the proceeds of the sale of the Bonds will be applied generally as described in the Addendum and in the Official Statement; and the Undertaking shall conform to the description thereof to be contained in the Official Statement;

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the County after due inquiry, threatened against the County in any court or administrative body, affecting the existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, the collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Bonds, the County Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes under existing laws or the exclusion from gross income of interest on the Bonds from Pennsylvania personal income tax and Pennsylvania personal property taxes under the laws of the Commonwealth, or contesting in any way the timing, accuracy or completeness of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authority for the issuance or sale of the Bonds, the adoption of the Ordinance or the execution and delivery of the County Documents, nor, to the best knowledge of the County, if any such action does exist or is threatened, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the County Documents;

(h) As of its date, the Preliminary Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; however, the County makes no representations regarding the descriptions of The Depository Trust Company or the Book-Entry-Only System;

(i) From its date (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Purchase Agreement), up to and including the date of Closing, the Official Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; however, the County makes no representations regarding the descriptions of The Depository Trust Company or the Book-Entry-Only System;

(j) The County will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Ordinance and will not take or omit to take any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds or Pennsylvania income tax purposes of the interest on the Bonds;

(k) The financial information regarding the County in the Official Statement shall fairly present the financial position and results of the County as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the County. The County is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the County, would have a materially adverse effect on the financial condition or operations of the County;

(l) Prior to the Closing, the County will not offer or issue any bonds, notes or other Bonds for borrowed money, payable from or secured by any of the revenues or assets which will secure the Bonds without prior notice to the Representative;

(m) Any certificate, signed by any official of the County authorized to do so in connection with the transactions contemplated by this Purchase Agreement, shall be deemed a representation and warranty by the County to the Underwriters as to the statements made therein; and

(n) The County has entered or will enter into the Undertaking and, except as described in the Preliminary Official Statement and the Official Statement, the County has not failed during the previous five years to comply with any previous undertakings in a written continuing disclosure contract or agreement under SEC Rule 15c2-12.

5. *Closing.*

(a) On April 15, 2015 or such other date or dates that shall have been mutually agreed upon by the County and the Representative (the "Closing"), the County will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters via the Book-Entry Only System of The Depository Trust Company, New York, New York, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds pursuant to Section 1 of this Purchase Agreement and as specified in the Addendum, by a wire transfer payable in immediately available funds to the order of the County. Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent, or such other place as shall have been mutually agreed upon by the County and the Representative.

(b) The Bonds shall be delivered to the Paying Agent in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of each series of the Bonds, registered in the name of Cede & Co., all as provided in the Ordinance. Upon request, copies of the executed Bonds shall be made available to the Representative at least one business day before the Closing for purposes of inspection.

6. *Closing Conditions.* The Representative has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the County of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The County shall have performed and complied with all agreements and conditions required by this Purchase Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the County Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the County required to be taken by the County shall be performed in order for Bond Counsel to deliver its opinions referred to hereafter;

(d) At or prior to the Closing, the Ordinance shall have been duly adopted by the County and in full force and effect, and the County shall have duly executed and delivered the Bonds to the Paying Agent for the Paying Agent's authentication;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the County, from that set forth in the Official Statement that in the judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The County shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Purchase Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(h) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the County by an officer of the County, or such other official as may have been agreed to by the Representative, and the reports and audits referred to or appearing in the Official Statement;

(2) The Ordinance with such supplements or amendments as may have been agreed to by the Representative;

(3) This Purchase Agreement, together with the Addendum pertaining to the final terms of the Bonds, duly executed by the County;

(4) The Undertaking of the County, which satisfies the requirements of section (b)(5) of the Rule;

(5) The approving opinion of Bond Counsel with respect to the Bonds, in substantially such form as attached to the Official Statement, together with a reliance letter addressed to the Representative, and a supplemental opinion of Bond Counsel, in substantially such form as attached hereto as Exhibit A;

(6) The opinion of the County's Solicitor, dated the date of Closing, addressed to the County, to Bond Counsel and to the Representative, to the effect that:

(a) the County is a duly constituted political subdivision of the Commonwealth of Pennsylvania, duly organized and validly existing under the laws of the Commonwealth of Pennsylvania and has the right and power under the Constitution and laws of the Commonwealth of Pennsylvania to enact the Ordinance, to issue the Bonds, and to execute and deliver the Official Statement, and the County Documents;

(b) the County Documents have been duly authorized, executed and delivered by the County and constitute valid, binding and enforceable obligations of the County, except to the extent that enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity, and no other authorization is required;

(c) the Ordinance has been duly and lawfully enacted by the County Council, has not been amended, modified or repealed since the date of its enactment without the written consent of the Representative and is in full force and effect;

(d) the Bonds have been duly authorized, executed and delivered by the County and are valid, binding and enforceable obligations of the County, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity and are entitled to the benefits of the Ordinance and the Constitution and laws of the Commonwealth of Pennsylvania;

(e) the Official Statement has been duly authorized, executed and delivered by the County;

(f) nothing has come to the attention of such counsel that would lead him to believe that the information contained in the Preliminary Official Statement, as of its date, and Official Statement, as of its date and as of the date of Closing, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that, such counsel is not required to express a view with respect to the financial statements or other statistical or financial data included in the Official Statement or to The Depository Trust Company or the Book-Entry-Only System;

(g) no litigation or other proceedings are pending or, to such counsel's knowledge, threatened in any court or other tribunal of competent jurisdiction, state or

federal, (a) to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, (b) in any way contesting the power or the authority of the County for the issuance or delivery or the validity of the Bonds, (c) in any way contesting the existence or powers of the County relating to the issuance of the Bonds, (d) which would in the aggregate materially adversely affect the County's financial condition or operations, (e) challenging in any way the right of any official of the County, signatory to the Official Statement, the Bonds, the Purchase Agreement, the Undertaking, or any other document delivered in connection with the closing to hold his or her respective office or the respective powers of such office, or (f) in any way contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement.

(h) the members of the County Council have been duly elected or appointed and are serving in full compliance with the Charter and the other laws of the Commonwealth of Pennsylvania.

(7) A certificate of the County, dated the date of Closing, to the effect that (i) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, (ii) the Ordinance has been duly enacted by the County, is in full force and effect and has not been modified, amended or repealed, and (iii) to the best of its knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information relating to the County contained in the Official Statement, as of its date was, and as of the date of Closing is, correct in all material respects and, the Official Statement, as of its date did not, and as of the date of Closing does not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; however, the County makes no representations regarding the descriptions of The Depository Trust Company or the Book-Entry-Only System;

(8) A certificate of the County, in form and substance satisfactory to Bond Counsel, (a) setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Bonds will be used in a manner that 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 any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the County there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(9) An opinion of Underwriters' counsel addressed to the Representative satisfactory to the Representative;

(10) Any other certificates and opinions required by the Ordinance for the issuance thereunder of the Bonds;

(11) A certificate or certificates of the Paying Agent with respect to the due authorization, execution and delivery of the agreements relating to the Bonds to which the Paying Agent is a party, and with respect to the incumbency and signatures of the officers of the Paying Agent authenticating the Bonds and executing such agreements;

(12) A copy of the accepted Letter of Representations or Blanket Letter of Representations, as may be appropriate, from the County to The Depository Trust Company with respect to the applicability of the book-entry-only system to the Bonds;

(13) Written evidence satisfactory to the Representative that the Department of Community and Economic Development of the Commonwealth of Pennsylvania has approved the issuance of the Bonds and the County's incurrence of the related nonelectoral indebtedness in an amount not less than the principal amount of the Bonds in accordance with the Act, together with copies of the related proceedings filed by the County with said Department under the Act;

(14) Evidence that Standard & Poor's Rating Services has issued a rating for the Bonds not lower than the rating specified in the Addendum;

(15) Evidence reasonably satisfactory to the Representative, that adequate provision has been made for the refunding of the Refunded Bonds (as defined in the Ordinance); and

(16) Such additional opinions, certificates, instruments and other documents as the Representative, counsel to the Underwriters or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of Closing of the County's representations and warranties contained herein and of the information contained in the Official Statement and the due performance and satisfaction by the County by the date of Closing of all of the respective agreements then to be performed and conditions then to be satisfied by the County; all such instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Purchase Agreement, shall be reasonably satisfactory in legal form and effect to the Representative and Bond Counsel.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement and the Underwriters in their discretion do not waive such conditions, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder.

7. *Termination.* The Representative shall have the right to terminate this Purchase Agreement and its obligations hereunder if, between the date of this Purchase Agreement and the

Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any of the following:

(a) Legislation shall be introduced in, enacted by, reported out of committee for passage by the State legislature, either House of the Congress or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff of such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation on interest received on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal or State income tax consequences of any of the transactions contemplated herein;

(b) Legislation shall be introduced in or enacted by the Congress or an order, decree, or injunction shall be issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice shall be issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) A general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum or maximum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York or Commonwealth officials authorized to do so, or a material disruption in commercial banking or securities settlement or clearance services shall have occurred;

(d) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(e) Any amendment to the federal Constitution or Constitution of the Commonwealth or action by any federal or Commonwealth court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the County, its property, the Bonds (or interest thereon), or the validity or enforceability of the Ordinance or the levy or collection of taxes to pay principal of and interest on the Bonds;

(f) Any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) There shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial condition of the County, except for changes which the Official Statement discloses are expected to occur;

(h) Prior to the date of Closing, the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, which in the reasonable judgment of the Representative, would have a material adverse effect upon the Underwriters' ability to market the Bonds;

(i) Any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(j) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided, shall be prohibited by any applicable law, governmental authority, board, agency or commission;

(k) Any state blue sky or securities commission or other governmental agency or body shall have issued a stop order or similar ruling relating to the offering and sale of the Bonds;

(l) There shall have occurred since the date of this Purchase Agreement a Change in Law, as defined in Section 14 hereof, the effect of which would be to make the issuance, sale and delivery of the Bonds illegal as to the County; and

(m) There shall have occurred a downgrading or suspension of any rating (without regard to credit enhancement) by Standard & Poor's Rating Services of any debt securities issued by the County or there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Standard & Poor's Rating Services of any debt securities of the County, including the Bonds.

8. *Expenses.* The County shall pay all costs of issuance of the Bonds, including any rating fees, filing fees or bond insurance premiums, the costs of printing of any Bonds and the Official Statement, advertising costs, internet roadshow costs, underwriting discount, financial advisor fees, paying agent fees, sinking fund depositary fees, bond counsel, underwriters' counsel (if not included in the Underwriters' discount) and local counsel fees and expenses, and any other such miscellaneous expenses which occur in the normal underwriting of a bond issue, including any expenses (included in the expense component of the Underwriters' discount) incurred by the Underwriters on behalf of the County's employees and representatives, in connection with this Purchase Agreement, including without limitation, meals, transportation, lodging and entertainment of those employees and representatives. The Underwriters shall have no obligation to pay expenses incident to the performance of the County's obligations hereunder, whether or not a Closing occurs.

9. *Parties in Interest.* This Purchase Agreement as heretofore specified shall constitute the entire agreement between the parties and is made solely for the benefit of the County and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Purchase Agreement may be assigned by the Representative with the County's prior written consent. All of the County's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

10. *Effectiveness.* This Purchase Agreement shall become effective upon the effective date of the Ordinance and shall be valid and enforceable at such time.

11. *Choice of Law.* This Purchase Agreement and all matters arising out of this Purchase Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

12. *Severability.* If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

13. *Business Day.* For purposes of this Purchase Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

14. *Change in Law.* For purposes of this Purchase Agreement, "Change in Law" means any event between the date of this Purchase Agreement and the Closing which occurs as a result of the passage, promulgation, issuance or rendering of any legislation, regulation, ruling, order, release, court decision or judgment or other action by a governmental body, regulatory agency or court the effect of which is any of the following:

(i) Bond Counsel is or will be unable to deliver to the Underwriters at Closing an approving opinion of the bond counsel with the content required by this Purchase Agreement;

(ii) The County does not have the power to levy an annual ad valorem tax on all taxable property located within the County for the purpose of paying the principal of and interest on the Bonds;

(iii) The offering or sale of the Bonds is subject to registration under Pennsylvania or Federal securities laws, or the Bonds or any document executed in connection therewith is subject to registration under Pennsylvania or Federal securities laws; or

(iv) In the reasonable judgment of the Representative, the offering or sale of the Bonds would be or result in a violation of applicable Pennsylvania or Federal securities laws.

15. *Section Headings.* Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

16. *Counterparts.* This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were on the same document) and all of which shall constitute one and the same document.

17. *Amendment.* This Purchase Agreement may only be amended by a written agreement executed by the parties hereto.

18. *No Individual Liability.* Notwithstanding anything to the contrary herein, no covenant, obligation or agreement herein contained or contained in any documents authorized hereby shall be deemed to be a covenant, obligation or agreement of any Member of County Council, officer, agent or employee of the County in his or her individual capacity and neither the Members of the County Council nor any officer executing this Agreement or any documents authorized hereby shall be personally liable under this Purchase Agreement or such documents or be subject to any personal liability or accountability by reason of the execution and delivery of this Purchase Agreement or such documents.

[Remainder of page intentionally left blank; signature page follows]

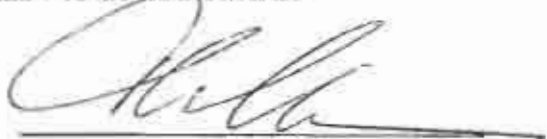
The County may accept this Purchase Agreement by executing a counterpart of this Purchase Agreement and returning it to the Representative.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

On behalf of the Underwriters

By:



[County's signature page follows.]

ACCEPTED March 18, 2015, effective upon the effectiveness of the Ordinance passed by the County Council of the County of Luzerne on March 18, 2015.

COUNTY OF LUZERNE

By: *Shirley M. Crosby Hinch*
Chair, County Council

SCHEDULE 1

COUNTY OF LUZERNE, PENNSYLVANIA

**\$166,690,000 Maximum Aggregate Principal Amount
General Obligation Refunding Bonds, Series A and B of 2015**

**MAXIMUM BOND MATURITIES, AMOUNTS AND NOT-TO-EXCEED
INTEREST RATES**

[SEE ATTACHED TABLE]

Optional and Mandatory Redemption

To be as set forth in the Addendum; but must comply with Ordinance.

GENERAL OBLIGATION REFUNDING BONDS, SERIES OF 2015

PARAMETERS BOND MATURITY SCHEDULE

COUNTY OF LUZERNE		
SERIES A & B OF 2015	MAXIMUM PARAMETERS	4/15/2015
		4/15/2015

	1	2	3	4	5
	<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Fiscal Year Debt Service</u>
	12/31/2015	3,280,000	5.850	5,810,198.75	8,870,198.75
	12/31/2016	4,355,000	5.850	9,437,220.00	13,792,220.00
	12/31/2017	7,985,000	5.850	9,181,392.50	17,146,392.50
	12/31/2018	8,095,000	5.850	8,706,555.00	16,801,555.00
	12/31/2019	8,340,000	5.850	8,228,810.00	16,568,810.00
	12/31/2020	8,835,000	5.850	7,736,825.00	16,371,825.00
	12/31/2021	9,240,000	5.850	7,298,313.75	16,538,313.75
	12/31/2022	11,305,000	5.850	6,755,141.25	18,060,141.25
	12/31/2023	11,790,000	5.850	6,090,727.50	17,880,727.50
	12/31/2024	12,150,000	5.850	5,480,572.50	17,630,572.50
	12/31/2025	12,685,000	5.850	4,789,797.50	17,434,797.50
	12/31/2026	14,590,000	5.850	4,028,895.00	18,618,895.00
	12/31/2027	4,455,000	5.850	3,175,380.00	7,630,380.00
	12/31/2028	28,325,000	5.850	2,914,782.50	31,239,782.50
	12/31/2029	21,500,000	5.850	1,257,750.00	22,757,750.00
TOTALS		166,690,000		90,651,941.25	257,341,841.25

[FORM OF BOND COUNSEL SUPPLEMENTAL OPINION]

_____, 2015

Citigroup Global Markets Inc., as Representative
1 Liberty Place
1650 Market Street, Suite 4303
Philadelphia, PA 19103

RE: County of Luzerne, Pennsylvania
\$ _____ General Obligation Refunding Bonds, Series A of 2015
\$ _____ General Obligation Refunding Bonds, Series B of 2015

Ladies and Gentlemen:

We have served as Bond Counsel to the County of Luzerne, Pennsylvania (the "County") in connection with the issuance of its \$ _____ General Obligation Refunding Bonds, Series A of 2015 (the "2015A Bonds") and \$ _____ General Obligation Refunding Bonds, Series B of 2015 (the "2015B Bonds", and together with the 2015A Bonds, the "Bonds"). The Bonds are issued pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (53 Pa. C.S. § 8001 et seq.) (the "Act"), and an ordinance of the County Council of the County effective April [9], 2015 (the "Ordinance").

This opinion is rendered pursuant to Section 6(h)(5) of the Bond Purchase Agreement, dated March 18, 2015, between Citigroup Global Markets Inc., for itself and as representative of the underwriters and the County (the "Bond Purchase Agreement"). Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Bond Purchase Agreement.

We have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) the Constitution of the Commonwealth, the County's Charter and the Act; (b) a certified copy of the Ordinance; (c) the Official Statement with respect to the Bonds (the "Official Statement") dated April __, 2015; (d) various other certificates executed by the County, including a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"); (e) the opinion of the County Solicitor, on which we have also relied; and (f) the Form 8038-G of the County with respect to the Bonds. In rendering our opinion, we have assumed the accuracy of and not undertaken to verify the factual matters set forth in such certificates and other proceedings by independent investigation and have relied on the covenants, warranties and representations made by the County in such certificates and in the Ordinance and other financing documents.

We have assumed the genuineness of all signatures, the competency of all individuals, the authenticity of all documents submitted to us as originals, and the authenticity of certificates of public officials and the conformity with originals of all documents submitted to us as copies or telecopies. We have also assumed that the documents referred to herein have been duly

authorized by all parties thereto other than the County and are, where appropriate, legally binding obligations of, and enforceable in accordance with their terms against all such parties, except the County.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by the County and constitutes the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by the exercise of judicial discretion in appropriate cases.

2. The statements contained in the sections of the Official Statement captioned "INTRODUCTION," "PURPOSE OF THE ISSUE," "THE BONDS", "REDEMPTION PROVISIONS" and "DEFAULTS AND REMEDIES" insofar as they relate to the Bonds, the Act and the Ordinance accurately summarize the terms and provisions purported to be summarized therein in all material respects. The statements appearing in the Official Statement under the caption "TAX MATTERS" accurately reflect the opinion of Bond Counsel as to the application of federal and Commonwealth tax law summarized therein in all material respects. No opinion is given with respect to any tabular, numerical, financial or statistical data or projections contained in such portions of the Official Statement.

This opinion is given as of the date hereof, and we assume no obligation to update this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in any laws or regulations which may hereafter occur. We express no opinion as to the validity or enforceability of any provision which relates to choice of law.

This opinion is rendered and may be relied upon by you solely in connection with the transaction contemplated hereby and is not to be quoted in whole or in part or otherwise referred to in any document, nor is it to be delivered or filed with any governmental agency or other person or relied upon by any other person, without our prior written consent.

Very truly yours,