

**COUNTY OF LEHIGH, PENNSYLVANIA
COMMISSIONERS BILL 2014-04
SPONSORED BY COMMISSIONER DOUGHERTY
REQUESTED DATE: FEBRUARY 18, 2014
ORDINANCE NO. 2014 -**

**ORDINANCE AUTHORIZING THE COUNTY OF LEHIGH, PENNSYLVANIA
TO ISSUE A GENERAL OBLIGATION NOTE, SERIES OF 2014,
PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT**

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF LEHIGH, PENNSYLVANIA, AUTHORIZING THE ISSUANCE OF A GENERAL OBLIGATION NOTE, SERIES OF 2014 (THE "NOTE" OR "2014 NOTE") IN THE AGGREGATE PRINCIPAL AMOUNT OF \$11,685,000; SETTING FORTH THE PURPOSE OF THE ISSUANCE OF THE NOTE, TO FUND THE REFUNDING OF THE COUNTY'S GENERAL OBLIGATION BONDS, SERIES OF 2004 ("2004 BONDS") PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT; DETERMINING THAT THE NOTE SHALL BE SOLD AT PRIVATE SALE; DETERMINING THAT THE DEBT EVIDENCED BY THE NOTE SHALL BE NONELECTORAL DEBT; SETTING FORTH THE INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND FINAL MATURITY OF THE NOTE AND THE PREPAYMENT PRIVILEGES; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE NOTE; DESIGNATING A PAYING AGENT FOR THE NOTE; SETTING FORTH THE METHOD AND PLACE OF PAYMENT OF THE NOTE; APPROVING THE FORM OF THE NOTE; AUTHORIZING THE EXECUTION OF THE NOTE; ENTERING INTO A COVENANT WITH RESPECT TO THE NOTE AND PLEDGING THE COUNTY'S FULL FAITH, CREDIT AND TAXING POWER THEREFORE, AND ESTABLISHING A SINKING FUND FOR THE NOTE; DESIGNATING A SINKING FUND DEPOSITORY; SETTING FORTH CERTAIN ADDITIONAL TERMS WITH RESPECT TO THE NOTE; AUTHORIZING APPROPRIATE OFFICERS TO FILE UNDER SECTION 8110 OF THE LOCAL GOVERNMENT UNIT DEBT ACT WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, INCLUDING PROCEEDINGS UNDER SECTION 8024 OR 8026 OF THE ACT MAKING CERTAIN FEDERAL TAX COVENANTS; DECLARING THE DEBT EVIDENCED BY THE NOTE TO BE WITHIN THE LIMITATIONS OF THE LOCAL GOVERNMENT UNIT DEBT ACT MAKING CERTAIN FEDERAL TAX COVENANTS; AUTHORIZING DELIVERY OF THE NOTE; AUTHORIZING INVESTMENT OF THE PROCEEDS OF THE NOTE; PROVIDING FOR INVALID PROVISIONS; PROVIDING FOR INCONSISTENT ORDINANCES; PROVIDING WHEN THE ORDINANCE SHALL BECOME EFFECTIVE.

WHEREAS, the County of Lehigh, Pennsylvania (the "County"), is a Local Government Unit, as defined in the Pennsylvania Local Government Unit Debt Act, as codified by the Act of December 19, 1996, P.L. 1158, No. 177 constituting Title 53, Part VII, Subpart B of the Pennsylvania Consolidated Statutes, as amended (the "Act"); and

WHEREAS, the County did previously authorize, issue and sell a series of obligations, dated as of August 15, 2004, designated as its General Obligation Bonds, Series of 2004, in the aggregate principal amount of \$47,425,000, of which certain obligations remain outstanding (the "2004 Bonds"). A portion of the 2004 Bonds approximately \$14,000,000 having been issued to fund certain capital improvements deemed to be projects under the Act (the "2004 New Money Project"). All of the remaining outstanding 2004 Bonds constitute bonds issued for the 2004 New Money Project; and

WHEREAS, the 2004 Bonds maturing on or after November 15, 2015, are subject to redemption prior to maturity, at the option of the County, on or after November 15, 2014, upon payment of the principal amount, together with accrued interest to the date fixed for redemption; and

WHEREAS, the Board of Commissioners of the County (the "Board"), in order to effect a savings resulting from currently available interest rates, has determined to refund the remaining outstanding 2004 Bonds issued to fund the 2004 New Money Project by providing for the payment thereon of the interest to and principal at redemption, in accordance with a refunding report prepared by Concord Public Financial Advisors, Inc. as the financial advisors to the County (the "Financial Advisor") in accordance with the provisions of Section 8241 of the Act, pursuant to a refunding program (the "Refunding Program"); and

WHEREAS, additionally and as part of the Refunding Program, as submitted to the County by the Financial Advisor in their financing study (the "Financing Study"), the necessary funds will be deposited with the paying agent for the 2004 Bonds ("2004 Bonds Paying Agent") the funds deposited with the Paying Agent are designed to be adequate as to the amount and appropriate as to availability to pay the interest on and principal at maturity or redemption of the 2004 Bonds; and

WHEREAS, the Board has determined to implement the foregoing decision by the authorization, issuance and sale of its General Obligation Note, Series of 2014 (the "Note"), the proceeds from the sale thereof, after payment of the costs of issuance, will fund the Refunding Program; and

WHEREAS, the Board, in contemplation of the authorization, issuance and sale of the Note, has determined that the Note shall be offered for private sale, by invitation, in accordance with Section 8161 of the Act, which it believes is in the best interest of the County, and has designated Concord Public Financial Advisors, Inc., its Financial Advisor (the "Financial Advisor") to obtain quotations from banking institutions for the prospective purchase of the Note; and

WHEREAS, the Board has received and reviewed a written proposal, which shall constitute a Loan Agreement (the "Loan Agreement"), for the purchase of the Note, at private sale in accordance with the Refunding Program, from Wells Fargo Bank (the "Bank"), which it desires, upon the recommendation of the Financial Advisor to accept; and

WHEREAS, the Board desires to award the Note to the Bank at private sale and to accept the Loan Agreement in the form submitted; to authorize issuance of nonelectoral debt in the aggregate principal amount of the Note in connection with the

Refunding Program; and to take appropriate action and to authorize such action in connection with the Refunding Program, all in accordance with and pursuant to provisions of the Act; and

NOW, THEREFORE, IT IS HEREBY ENACTED AND ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF LEHIGH, PENNSYLVANIA, THAT:

Section 1. The Board does hereby authorize and direct the issuance of the General Obligation Note, Series of 2014, pursuant to this Ordinance, in the aggregate principal amount of \$11,685,000, for the purpose of the Refunding Program defined in Section 2 hereof. The Note will be obligations of the County payable from its general revenues.

Section 2. A brief description of the Refunding Program, for which the debt to be incurred, of which the Note shall be evidence, is contained in the preamble hereof.

The realistic estimated useful life of the project financed by the 2004 Bonds, which were "Projects", as defined in Section 8002 of the Act, were previously determined to be from 5 to 30 years from the date of approval respectively, and the amortization of the 2004 Bonds were structured to fully amortize on a level or earlier basis each component of such Projects before the expiration of their useful lives. The useful life of such Projects is not less than previously determined, and the Note as structured will fully amortize on a level or earlier basis each component of the Projects before the expiration of their useful lives.

Section 3. The Note shall be sold at private sale by invitation, which the Board hereby determines is in the best interests of the County.

Section 4. The Board has determined that the debt, of which the Note shall be evidence, shall be nonelectoral debt of the County.

Section 5(a). The Board shall issue, execute and deliver the Note to the Bank under the terms and conditions set forth in the Loan Agreement at a closing (the "Closing") in the principal amount of \$11,685,000 in fully registered form, bearing interest at the rate of 0.83% per annum (interest and principal payable semi-annually) until November 15, 2017, at which time the entire principal amount shall be due and payable to the Bank in full. Debt service payments with respect to the Note shall be as attached hereto as Schedule "C".

(b) The Note shall be subject to prepayment in whole or part as provided in the form of the Note.

Section 6. The Board shall and does accept the proposal of the Bank for purchase of the Note, which Note shall be and is awarded to the Bank, in accordance with terms and conditions of the Loan Agreement, at private sale by invitation, at a dollar price of 100% of the principal amount thereof at Closing, together with accrued interest from the date thereof to the date of delivery thereof, if any, the Bank having submitted its proposal in accordance with provisions of the Act. Appropriate officers of the County are authorized and directed to execute the Loan Agreement.

Section 7. The Board does hereby designate, the Bank, a banking institution having its principal trust offices in Philadelphia, Pennsylvania, or its successor or nominee-affiliate, as the "Paying Agent" for purposes of the Note.

Section 8. The principal of and premium, if any, and interest on the Note shall be payable by account transfer, check or draft of the Paying Agent mailed or delivered to the registered owner at the address shown on the registration books as of the close of

business on the fifth (5th) day prior to the payment dates, in lawful monies of the United States of America, without deduction of any tax or taxes now or hereafter levied or assessed thereon under any present or future law of the Commonwealth, which tax or taxes this County assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate or inheritance taxes or to other taxes not levied or assessed directly on the Note or the interest paid thereon.

Section 9. The Note, subject to any technical corrections or modifications approved by Board, shall be in the following form:

COUNTY OF LEHIGH, a Third Class County

Commonwealth of Pennsylvania

General Obligation Note, Series of 2014

COUNTY OF LEHIGH (the "County"), a local government unit under and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as hereinafter defined, for value received, hereby promises to pay to Wells Fargo Bank, a banking institution registered to do business within the Commonwealth of Pennsylvania with its principal corporate offices in Philadelphia, Pennsylvania (the "Bank"), or its successors or assigns, on or before the 15th day of November, 2017, upon surrender hereof, the principal sum of Eleven Million Six Hundred and Eighty-Five Thousand Dollars (\$11,685,000), and to pay interest on said principal sum at the rate of (0.83%) per annum, payable initially on November 15, 2014, and semi-annually on the 15th day of May and the 15th day of November thereafter, in accordance with the attached debt service schedule, either until maturity hereof or, if this Note shall be prepaid, until the date of such prepayment, principal due in full on or before November 15, 2017. Installments of principal on the Note shall be payable as set forth on the attached debt service schedule. Interest shall be calculated based on a year of three hundred and sixty (360) days, comprised of twelve (12) thirty (30) day months.

The principal of and interest on this Note shall be payable at the principal office of the Bank, or any successor or assignee, in any coin or currency of the United States of America which, at time of payment, is legal tender for payment of public and private debts, to the registered owner on the fifth (5th) day prior to each payment date.

The Note has been authorized for issuance in accordance with provisions of the Local Government Unit Debt Act (the "Act") of the Commonwealth and by virtue of a Ordinance of the County duly enacted March 12, 2014 (the "Ordinance "). The Act, as such shall have been in effect when the Note was authorized, and the Ordinance shall constitute a contract between the County and registered owner, from time to time, of the Note.

The Note constitutes a general obligation of the County payable from its general revenues. The Note is issued for the purpose of providing monies, in addition to those available, to fund the costs of the refunding program (the Refunding Program as defined in the Ordinance), as such costs are defined in Section 8007 of the Act.

The County has covenanted, in the Ordinance, to and with registered owners, from time to time, of the Note that shall be outstanding, that the County: (i) shall include the amount of the debt service for the Note, for each fiscal year of the County in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such

amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds, the principal of the Note and the interest thereon on the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the County has pledged and does pledge, irrevocably, its full faith, credit and taxing power.

The Note shall not be subject to prepayment by the County prior to maturity.

If the Bank shall merge or change its identity or assign this Note, the Bank shall give written notice of such action to the County, which notice shall direct the County to make payments hereunder henceforth to the appropriate successor or assignee. Such notice shall be effective if given not less than fifteen (15) days prior to any date for the payment of principal and interest thereunder, or for the prepayment of principal, if notice of prepayment shall have been given to the Bank.

Reference is hereby made to the Ordinance and to the Loan Agreement between the County and the Bank for a statement of the nature, extent and manner of enforcement of the security, the terms and conditions under which the Ordinance may be amended or modified, the rights of the holder of the Note in respect to such security, and the terms and conditions under which the Note is issued. The County has established with the Bank a sinking fund for the Note and has made provision for the deposit therein from its general revenues, of amounts sufficient to pay, and from which the Bank, as paying agent and sinking fund depository, is required to pay, the principal of and interest on the Note as the same shall become due and payable.

It is hereby certified that: (i) All acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the County, is not in excess of any limitation imposed by the Act upon the incurring of debt by the County.

IN WITNESS WHEREOF, the County has caused this Note to be executed in its name by the signature of the Lehigh County Executive of the County, and its seal to be affixed hereto, attested by the Clerk to the Board of Commissioners, all as of April 15, 2014.

COUNTY OF LEHIGH

BY:

County Executive

ATTEST:

Clerk to Board of County Commissioners

(SEAL)

CERTIFICATE OF REGISTRATION NOTICE.
NO WRITING HEREON EXCEPT
BY PAYING AGENT ON BEHALF OF THE MAKER

It is hereby certified that the foregoing Note is registered as to principal and interest as follows:

<u>Name of Registered Owner</u>	<u>Address of Registered Owner</u>	<u>Date of Registration</u>	<u>Paying Agent's Authorized signature</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Note, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Note on the books of the within named Maker, with full power of substitution in the premises.

Tax Identification No.

Dated: _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or any change whatsoever.

Section 10. The Note shall be executed in the name of and in behalf of this County by the signatures or facsimile signature of the County Executive of the County, and the official seal of this County or a facsimile thereof shall be affixed thereunto, attested by the signature or facsimile signature of the Clerk to the Board of County Commissioners.

Section 11. This County covenants to and with the holder or registered owner of the Note, from time to time, pursuant to this Ordinance, that this County shall include the amount of the debt service thereon for each fiscal year of this County in which such sums are payable, in its budget for each such fiscal year, shall appropriate such amounts to the payment of such debt service, and duly and punctually shall pay or shall cause to be paid the principal of the Note and the interest thereon on the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this County shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of this County shall be enforceable specifically.

Furthermore:

(a) There are created pursuant to Section 8221 of the Act, a sinking fund for the Note, to be known as the "Sinking Fund, General Obligation Note, Series of 2014", or the "2014 Note Sinking Fund", which sinking fund shall be administered in accordance with applicable provisions of the Act.

(b) From the funds deposited in the appropriate sinking funds, the Paying Agent, without further action of the County, is hereby authorized and directed to pay the principal of and interest on the respective Note, and the County hereby covenants that

such monies, to the extent required, will be applied to such purpose, as follows: the Paying Agent shall pay all interest and principal on each Note, as and when the same shall become due and payable.

Section 12. The County appoints the Bank as the Sinking Fund Depository with respect to the Sinking Fund created pursuant to Section 11 of this Ordinance.

Section 13. The County Executive is authorized and directed to contract with the Bank for its services as Sinking Fund Depository and as Paying Agent in connection with the Note, and is authorized and directed to execute on behalf of the County at the appropriate time, a Paying Agent Agreement with the Bank in its capacity as Paying Agent for the Note. The County Executive and the Fiscal Officer are authorized to approve payment at closing on the sale of the Note of all costs and expenses incidental to such issuance and sale and consummation of the Financing Program.

Section 14. The following additional terms and conditions shall apply, as appropriate, to the Note:

(a) Should the County fail to provide the Paying Agent with sufficient funds, payable to the Sinking Fund, at appropriate intervals, so as to enable the Paying Agent to pay the principal and interest on the Note as and when due, or should the County, through the Paying Agent, fail to make such payments as and when due, or should the County fail to perform any other covenant or condition contained in this Ordinance and running to the benefit of the holder or registered owner of the Note, or contained in the Act as applicable to the Note, such failure shall constitute a default by the County, and the registered owner of the Note shall be entitled to all the rights and remedies provided by the Act in the event of default. If any such default occurs, the Paying Agent may, and upon written request of the registered owner of the Note accompanied by indemnity in

such form and in such amount as the Paying Agent shall designate or a Court of competent jurisdiction shall set and establish, shall bring suit upon the Note, or by other appropriate legal or equitable action restrain or enjoin any acts by the County which may be unlawful or in violation of the rights of the owner of the Note.

(b) With respect to the Note hereunder, when such Note shall be paid by the County or the Paying Agent pursuant to the terms and provisions of this Ordinance, they shall be cancelled and cremated or otherwise destroyed by the Paying Agent, which shall then furnish the County with a Certificate of Cremation or Destruction, if requested.

(c) The Note or any of them hereunder shall be deemed to be no longer outstanding if provision for payment at maturity or at redemption, such redemption having been irrevocably undertaken, shall have been made in a manner authorized under Section 8250(b) of the Act.

(d) With respect to the Note hereunder, the County may, from time to time and at any time, enact a supplemental ordinance in order to: (1) cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance, or (2) grant to or confer upon the owner of the Note any additional rights, remedies, powers, authority, or security that may be lawfully granted to or conferred upon it. This Ordinance may also be amended or modified from time to time, except with respect to the interest payable upon the Note, or with respect to the date of payments and maturity of the Note, and in the case of any such permitted amendment or modification, a certified copy of the same shall be filed with the Paying Agent following approval in writing by the owner of the Note, unless provision for payment or redemption of the Note has been made prior to the effective date thereof as provided in subsection (c) above.

Section 15. The Lehigh County Executive and the Clerk to the Board of County Commissioners, which shall include their duly qualified successors in office, if applicable, are authorized and directed as appropriate; (a) to prepare, to certify and to file the debt statement required by Section 8110 of the Act; (b) to prepare and file, as required with the Department of Community and Economic Development (the "Department") of the Commonwealth, statements required by Section 8024 or 8026 of the Act, which are necessary to qualify certain nonelectoral and lease rental debt of this County and, if necessary, the debt which will be evidenced by the Note to be issued hereunder, as subsidized or self-liquidating debt; (c) to prepare, execute and to file the application with the Department, together with a complete and accurate transcript for the proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by Section 8111 of the Act; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

Section 16. It is declared that the debt to be incurred by the issuance of the Note hereby, together with any other indebtedness of the County, is not in excess of any limitation imposed by the Act upon the incurring of debt by the County.

Section 17. (a) The County hereby covenants with the registered owners, from time to time, of the Note that no part of the proceeds of the Note or of any moneys on deposit with the Paying Agent and Sinking Fund Depository hereunder will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Note, would have caused the Note to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder (the "Regulations") proposed or in effect at the

time of such use and applicable to the Note, and that it will comply with the requirements of the section of the Code and the Regulations throughout the term of the Note.

(b) If the total tax-exempt borrowings of the County in the calendar year 2014 should exceed the applicable exemption limitation (not less than \$5,000,000 or more than \$10,000,000), and if the gross proceeds of the Note are invested at a yield greater than the yield on the Note and are not expended within six months from the date of issuance, or within the applicable periods therefrom and in the applicable percentages if Section 148(f)(4)(C)(ii) shall be applicable, the County covenants that it will "Rebate" to the U.S. Treasury, at the times and in the manner required by the Code, all investment income derived from investing the proceeds of the Note in an amount which exceeds the amount which would have been derived from the investment of the proceeds of the Note at a yield not in excess of the yield on the Note. Provided however, that the Lehigh County Executive is hereby authorized on behalf of the County to exercise an election to pay, in lieu of Rebate, a penalty pursuant to Section 148(f)(4)(C)(vii)(I), which election, if made in their discretion, shall be contained in the County's Non-Arbitrage Certificate with respect to the Note issued at closing thereon, and shall thereupon become binding upon the County, in which case the County shall pay the appropriate penalties, as applicable, as and when due, in lieu of Rebate.

Section 18. (a) The County covenants that, concurrently with the delivery of the Note to the Bank, there will be paid over to and for the account of the Paying Agent for the 2004 Bonds ("2004 Paying Agent") by the County an amount of money which, together with other available monies, will be sufficient to provide necessary funds to enable the 2004 Paying Agent to provide necessary funds to pay the interest and principal at redemption on the redemption date for those 2004 Bonds being refunded and

for the costs of retirement on such date of the 2004 Bonds then outstanding and being refunded in accordance with the Refunding Program.

(b) The County further covenants that the Note will not be delivered to the Bank unless and until the County prior to or concurrently with such delivery, shall have taken or shall take all action as shall be necessary and/or appropriate to implement and effectuate provisions for the aforesaid defeasance of the 2004 Bonds being refunded pursuant to the Refunding Program. The intent and purpose of the foregoing is to insure that the County will take such action and will cause such action to be taken and will do such things and will cause the 2004 Bonds Paying Agent to do such things, prior to or concurrently with delivery of the Note, as shall be necessary and/or appropriate to implement and effectuate provision of the aforesaid defeasance of the 2004 Bonds, so that simultaneously with delivery of the Note to the Bank, for purposes of the Act, such 2004 Bonds no longer shall be considered to be outstanding, and the County shall be deemed to have made appropriate provisions for the retirement of the outstanding non-electoral debt which was evidenced thereby.

(c) To the extent required, the County shall enter into any appropriate escrow agreements with the 2004 Bonds Paying Agent ("Escrow Agent"), to cause and require the Escrow Agent to take actions necessary in order to carry out the Refunding Program.

(d) There is created pursuant to Section 8221 of the Act, sinking funds for the 2004 Bonds to be refunded under a 2004 Escrow Agreement to be known as the "Escrow Fund", which sinking fund shall be administered in accordance with the act.

(e) Manufacturers and Traders Trust Company, or its successors, is hereby designated as Escrow Agent under the Escrow Agreement and as Sinking Fund Depository for the Escrow Fund under the Escrow Agreement.

(f) The County Executive or the Fiscal Officer, which shall include their duly qualified successor in office, are authorized and directed to execute any required subscriptions or other orders for the purchase of the Investments to be purchased pursuant to the Refunding Program under the 2004 Escrow Agreement, or otherwise and to cause such orders, or subscriptions to be delivered promptly to the Federal Reserve Bank or other issuer or supplier.

Section 19. The County hereby covenants that the proceeds of the Bonds allocated to the Refunding Program shall, after the payment of costs and expenses with respect to the issuance of the Bonds, be deposited with the Escrow Agent for the 2004 Bonds under the Escrow Agreement between the County and the Escrow Agent, respectively, to provide the appropriate and required funds, to refund the 2004 Bonds being refunded pursuant to the Refunding Program. The County further covenants that the principal amount of such funds so deposited, and the interest to be earned thereby, together with any other available funds deposited thereunder, shall be adequate with respect to the 2004 Bonds to make all payments of interest as due, and principal at maturity or redemption, according to the Refunding Program. The County further covenants that the amount so deposited with said 2004 Bonds Paying Agent/Escrow Agent as aforesaid or as otherwise paid to the Paying Agent/Escrow Agent shall also be adequate to pay all fees for the services to be performed by the 2004 Paying Agent/Escrow Agent, including the retirement of the 2004 Bonds when called for redemption or the County will pay such costs and any other incidental costs and expenses.

Section 20. The County covenants that any Escrow Agreement to be entered into between the County and the Escrow Agent shall require the Escrow Agent to utilize the proceeds and any other funds available, and any other funds to be deposited thereunder for the purpose, and that such total funds will be adequate, to purchase the Investments as set forth in the schedules attached to the Financing Study and/or the Refunding Program of the Financial Advisor accepted under this Ordinance, and as attached to the Bonds Escrow Agreement. The said Escrow Agreement shall provide that the Escrow Agent will, without further direction from the County, pay from the Refunding Investment Revenues derived by way of interest to and principal at maturity on the Investments and other available monies, as above required, the interest due and principal at maturity or at redemption on the 2004 Bonds, to the extent of the funds available. The Escrow Agreement to the extent required shall be substantially in the form as set forth in Schedule "B" hereof.

Section 21. The County does hereby authorize and direct the issuance of irrevocable instructions (the "Irrevocable Instructions") to the Paying Agent for the 2004 Bonds called for the redemption for the 2004 Bonds being refunded such instructions and the notices of redemption to be given thereby to be in substantially the forms set forth in Schedule "A".

Section 22. The County does hereby covenant and agree, for the benefit of the holders of the Note from time to time, that it will comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission ("SEC") with respect to municipal securities disclosure, and will execute and comply with an appropriate Continuing Disclosure Certificate as approved by note counsel as long as the Note are outstanding.

Section 23. Proper officers of this County are authorized and directed to deliver the Note, upon execution thereof as provided for herein, to the Bank, but only

upon receipt of proper payment of the balance due or the amount then to be drawn thereon, and only after the Department has certified its approval pursuant to Section 8111 of the Act, and to pay or direct the payment of the costs of issuance and comply with the Loan Agreement requirements, including fees due and payable to the Bank.

Section 24. In the event that any provision, section, sentence, clause or part of this Ordinance shall be held invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the County that such remainder shall be and shall remain in full force and effect.

Section 25. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

Section 26. This Ordinance shall be effective in accordance with Section 8003(c) of the Act.

ADOPTED this _____ day of _____, 2014, by the following

vote:

Commissioners

AYE

NAY

Geoff Brace
Thomas C. Creighton, III
Percy H. Dougherty
David S. Jones, Sr.
Vic Mazziotti
Brad Osborne
Scott Ott
Lisa Scheller
Michael P. Schware

ATTEST: _____
Clerk to the Board of Commissioners

APPROVED this _____ day of _____, 2014.

Thomas S. Muller
County Executive

ENACTED this _____ day of _____, 2014.

COUNTY OF LEHIGH
LEHIGH COUNTY, PENNSYLVANIA

IN RE:

2014 REFUNDING PROJECT : BORROWING ORDINANCE
 :
 : CERTIFICATE OF ENACTMENT

CERTIFICATE

I, the undersigned, Clerk to the Board of Commissioners of the County of Lehigh, Lehigh County, Pennsylvania (the "County"), certify that:

The foregoing is a true and correct copy of a Ordinance which duly was enacted by affirmative vote of a majority of all members of the Board of Commissioners of the County at a meeting duly held on the 12th day of March, 2014; said Ordinance duly has been recorded in the Minute Book of the Board of Commissioners; notices with respect to enactment (both before and after enactment) of said Ordinance have been published as required by law; and said Ordinance has not been amended, altered, modified, or repealed as of the date of this certificate.

I further certify that:

The total number of members of the Board of Commissioners the County is nine (9); the vote of the members of the Board upon said Ordinance was called and duly was recorded upon the Minutes of said meeting; and members of the Board voted upon said Ordinance in the following manner:

Geoff Brace	_____
Thomas C. Creighton, III	_____
Percy H. Dougherty	_____
David S. Jones, Sr.	_____
Vic Mazziotti	_____
Brad Osborne	_____
Scott Ott	_____
Lisa Scheller	_____
Michael Schware	_____

IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this 12th day of March, 2014.

County Clerk

(SEAL)

COUNTY OF LEHIGH
COMMONWEALTH OF PENNSYLVANIA

IN RE:

REFUNDING OF GENERAL	:	CALL INSTRUCTIONS
OBLIGATION BONDS,	:	
SERIES OF 2004	:	TO CALL FOR REDEMPTION

TO: MANUFACTURERS AND TRADERS TRUST COMPANY

The COUNTY OF LEHIGH (the "County"), on March 12, 2014, duly enacted an ordinance (the "Ordinance"), a copy of which has been delivered to you, authorizing these irrevocable instructions to be issued to you, to take certain steps necessary to bring about the redemption of certain of the County's remaining outstanding General Obligation Bonds Series of 2004 (the "2004 Bonds"), specifically those bonds maturing on or after November 15, 2015. As you are aware, you are the Paying Agent for this issue. In accordance with the Ordinance and the Refunding Program incorporated therein, it is the intent and purpose of the County to call for redemption those 2004 Bonds maturing on or after November 15, 2015. Redemption of the 2004 Bonds to occur on November 15, 2014 pursuant to the Refunding Program, providing sufficient funds available on said date to pay the interest to and principal at redemption on such portion of the 2004 Bonds being redeemed on such date pursuant to the Refunding Program.

Therefore, under and pursuant to the Ordinance and in compliance therewith, you are given instructions, which instructions are and shall be irrevocable:

A. To deliver, by posting by first class United States mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to November 15, 2014, a copy of the Notice of Redemption substantially in the form attached hereto, to each registered owner of the 2004 Bonds being redeemed at the time of such action, at such address as shall appear on the Books maintained by you with respect to the 2004 Bonds, to MBA, bond insurer for the 2004 Bonds, to Depository Trust Company, to Moody's Investors Service, Inc. and to Standard & Poor's Corporation.

B. To give notice by certified mail to the Municipal Securities Rulemaking Board, through EMMA to each nationally recognized Municipal Securities Information Repository, if any, and any state information repository established for the Commonwealth of Pennsylvania (none presently).

C. To take such other action by way of notice or publication of the Notice of Redemption with respect to the redemption of the 2004 Bonds so called for redemption as you may deem appropriate to bring about the orderly and efficient redemption of the 2004 Bonds then outstanding. The County has obligated itself by the Ordinance authorizing the refunding to make available such monies as shall be reasonably necessary for costs and expenses of complying with these instructions.

It is assumed by the County that you will make appropriate arrangements and provisions so that the strict compliance with the irrevocable instructions contained herein will be assured. You are hereby designated as the County's true and lawful attorney for purposes of carrying out this redemption.

ATTEST:

COUNTY OF LEHIGH

Clerk to Board of Commissioners

BY: _____
County Executive

(SEAL)

SCHEDULE "A-3"

RECEIPT AND ACKNOWLEDGMENT

Receipt of the foregoing instructions, duly executed by the appropriate officers of the County, and a copy of the Ordinance of the County referred to therein, and copies of the Notice of Redemption, is hereby acknowledged.

It is further acknowledged that the Irrevocable Instructions contained in the foregoing are satisfactory to the Paying Agent.

Signed, sealed and dated this _____ day of _____, _____.

MANUFACTURERS AND TRADERS TRUST
COMPANY,
as Paying Agent

BY: _____
Authorized Representative

SCHEDULE "A-4"

NOTICE OF REDEMPTION

TO: REGISTERED OWNERS OF GENERAL OBLIGATION BONDS, SERIES OF 2004, DATED AS OF AUGUST 15, 2004, AND MATURING ON OR AFTER NOVEMBER 15, 2015

NOTICE is given by the COUNTY OF LEHIGH (the "County") that the County, by appropriate Ordinance has exercised its option to call for redemption and does call for redemption all of its remaining outstanding General Obligation Bonds, Series of 2004, dated as of August 15, 2004 (the "2004 Bonds"), maturing on and after November 15, 2015, as hereinafter set forth, issued under and secured by an Ordinance (the "2004 Ordinance"), in accordance with the right and privilege reserved to the County in the 2004 Bonds and under the Ordinance. Redemption of the 2004 Bonds to occur on November 15, 2014 pursuant to the Refunding Program, providing sufficient funds available on said date to pay the interest to and principal at a redemption on the 2004 Bonds being redeemed on such date pursuant to the Refunding Program.

The date fixed for this redemption of 2004 Bonds, as determined by the Board of Commissioners of the County, is November 15, 2014 (the "Redemption Date"); and on the Redemption Date each of the 2004 Bonds so called for redemption will become and will be due and payable at the corporate trust office of the Paying Agent, Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, and from and after the Redemption Date interest on such 2004 Bonds as are called for redemption hereby will cease to accrue, irrespective of whether such 2004 Bonds are presented and surrendered to the Paying Agent.

The principal due of such 2004 Bonds as of the date of redemption, November 15, 2014, will become and will be due and payable at the corporate trust office of the Paying Agent in

SCHEDULE "A-5"

Harrisburg, Pennsylvania, and will be paid by the Paying Agent upon presentation and surrender of such 2004 Bonds, in registered form, as provided in the Ordinance. The 2004 Bonds so called for redemption are the following:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cusip Number (Last Three Digits)</u>	<u>Value Per \$5,000 Bond</u>
11/15/14	3.800%		\$ 140,000
11/15/15	4.000%		\$3,825,000
11/15/16	4.000%		\$5,970,000
11/15/17	4.100%		\$1,245,000

It is suggested that registered or certified mail be used for forwarding the 2004 Bonds so called for redemption, and that it is not necessary to endorse and guarantee such 2004 Bonds unless payment is to be made to someone other than the registered holder. Holders of the above-described securities should submit certified Taxpayer Identification Numbers on I.R.S. Form W-9 when presenting their securities for redemption.

This Notice of Redemption is given in accordance with requirements of the 2004 Bonds
to be redeemed and the Ordinance.

By Order of the Board of Commissioners of the County.

COUNTY OF LEHIGH

Dated: _____

Submit Bonds for Redemption to:

_____ (Address) _____

Attention: _____

COUNTY OF LEHIGH
COMMONWEALTH OF PENNSYLVANIA

IN RE:

REFUNDING OF 2004 BONDS:

2004 BONDS ESCROW
AGREEMENT

THIS 2004 BONDS ESCROW AGREEMENT made this 15th day of April, 2014, by and between the COUNTY OF LEHIGH (the "County"), a County existing under and by virtue of the constitution, laws and statutes of the Commonwealth of Pennsylvania (the "Commonwealth");

A N D

Manufacturers and Traders Trust Company, as escrow agent (the "Escrow Agent"), a banking association having a corporate trust office in Harrisburg, Pennsylvania.

W I T N E S S E T H :

WHEREAS, the County is a Local Government Unit, as defined in the Local Government Unit Debt Act, of the Commonwealth as codified by the Act of December 19, 1996, P.L. 1158, No. 177 (the "Act"); and

WHEREAS, the County did previously authorize, issue and sell a series of obligations, dated as of August 15, 2004, designated as its General Obligation Bonds Series of 2004, in the original aggregate principal amount of \$47,425,000, a portion of which approximately \$14,000,000 was designated for the County a capital improvement project (the "2004 Bonds") for which Manufacturers and Traders Trust Company acts as paying agent (the "Paying Agent"); and

WHEREAS, the County, in accordance with the provisions of Section 8241 of the Act, has determined to undertake a project to refund all of its outstanding 2004 Bonds maturing on or after November 15, 2015 (hereafter the "2004 Bonds") as well as escrowing to maturity the November 15, 2014 maturity ; and

WHEREAS, under the terms of the Act, defeasance of such 2004 Bonds may be accomplished by depositing with the Escrow Agent funds sufficient for payment of the principal of and applicable premium, if any, and interest due to maturity or redemption, with irrevocable direction so to apply to same, at or prior to maturity or redemption thereof, which the County intends to do; and

WHEREAS, the County has authorized for issuance and delivery a certain issue of indebtedness designated as "General Obligation Note, Series of 2014", in the aggregate principal amount of \$11,685,000 (the "Note"), which Note has been issued by the County concurrently with the date of the effectiveness hereof, under the provisions of an ordinance of the County duly enacted and ordained on March 12, 2014 (the "Ordinance") to accomplish the refunding the 2004 Bonds pursuant to a Refunding Program, as defined in the Ordinance, as follows:

- (a) Making money available for the payment of interest due on May 15, 2014 and November 15, 2014 of the 2004 Bonds being refunded;
- (b) Making money available for payment of the principal due upon maturity on November 15, 2014 of the 2004 Bonds being refunded;
- (c) Making money available for retirement by optional redemption on

November 15, 2014, of the 2004 Bonds being refunded and maturing on or after November 15, 2015 at the principal amount thereof, together with accrued interest to the date of redemption;

(d) Making money available for payment by the County of the costs and expenses of the intended refunding of the 2004 Bonds, as appropriate;

(e) Making payment by the County of all costs and expenses of and related to the issuance of the Bonds to bring about the above; and

WHEREAS, the Escrow Agent concurrently with the effectiveness hereof, has received from the County amounts of money which, taken together with other funds available, are sufficient to meet all obligations of the County with respect to the 2004 Bonds when properly held and/or invested; and

WHEREAS, the County and the Escrow Agent desire and agree that monies held by the Escrow Agent, pending application of such monies by the Bank as Paying Agent for payment of obligations on the 2004 Bonds, shall be invested or deposited by the Bank, upon terms and conditions herein set forth; and

WHEREAS, the County did covenant in the Ordinance that the Bank will utilize said funds so designated and deposited, which funds are represented as being adequate by the County, to purchase certain investments (the "Investments"), selected so that the principal of such Investments shall mature and the interest will be payable at appropriate times and in appropriate amounts to accomplish the refunding of the 2004 Bonds by the use of the income and principal of such Investments and any other securities and any initial cash deposit made to the Escrow Fund hereafter established (together, the "Refunding Investment Revenues"); and

NOW THEREFORE, the County and the Escrow Agent, intending to be legally bound hereby, do hereby covenant and agree as follows:

1. The Escrow Agent acknowledges that, concurrently with the effectiveness hereof, there has been deposited with the Escrow Agent, by transfer from the Settlement Fund for the Bonds, or by application of other funds already in the hands of the Paying Agent for the 2014 Note, or other monies made available by the County, the following sums:

- | | | |
|-----|---|--------------|
| (a) | By transfer from the Settlement Fund of the 2014 Note | \$11,628,165 |
| (b) | Funds in the hands of the 2004 Paying Agent for the 2004 Bonds and hereby made available hereunder | None |
| (c) | By transfer from the County of other funds or securities | None |
| (d) | The total of such funds hereby deposited with or declared to be available to the Escrow Agent for purposes of this Agreement is | \$11,628,165 |

These monies in the hands of the Escrow Agent shall be held and invested as hereinafter provided, the principal and interest thereon to be available for the payment of the interest to and principal due or at redemption on the 2004 Bonds being refunded on November 15, 2014 for those 2004 Bonds being refunded and maturing on or after November 15, 2015 as well as the November 15, 2014 maturity being escrowed to maturity.

2. The Escrow Agent for its present services as Escrow Agent under this Agreement, shall receive compensation, plus expenses incurred by the Escrow Agent in the performance of its duties. The Escrow Agent in its capacity as such shall have no lien

or right of set-off whatsoever upon the Escrow Fund for the payment of any fees and expenses for services rendered by it hereunder or otherwise.

3. The County has caused to be calculated the interest and principal at redemption of the 2004 Bonds being refunded as well as the November 15, 2014 maturity being escrowed to maturity, as of the November 15, 2014, the date of redemption, a copy of which calculation is attached hereto, made a part hereof, and marked for purposes of identification as Exhibit "A".

4. In reliance of the verification report set forth in Exhibit "A", the Escrow Agent does hereby covenant and agree to make payments from the proceeds deposited with it hereunder as per Paragraph 1 hereof, after setting aside therefrom the sums reserved, for the purchase and acquisition of the Investments as contained in and set forth in Exhibit "A", and attached subscription forms (Exhibit "B"). Any other funds or investments which the Escrow Agent at any time holds hereunder, shall be obligations of the United States, or shall be continuously insured by the Federal Deposit Insurance Corporation, or other Federal agency, for the benefit of the County and the holders of outstanding bonds, the payment of which the Investments are intended to provide for.

5. The County represents and warrants that the Investments have been designed and tailored so that the Refunding Investment Revenues will be adequate in amounts and payable at appropriate times to enable the Escrow Agent to pay therefrom all interest as due and principal, as due and payable, on the 2004 Bonds, to the date fixed for redemption.

6. The County covenants and agrees that, in the event money available to the Escrow Agent at any time, for any reason, shall not be sufficient for such required

purposes, the County, immediately upon written notice from the Escrow Agent of such deficiency, will deliver to the Escrow Agent such money as shall be necessary to satisfy such deficiency, so that obligations of the County for payment of the interest to and principal at redemption to holders and/or registered owners of the 2004 Bonds will be fulfilled.

7. The County authorizes and directs the Escrow Agent on behalf of the County to do all acts and things that shall be necessary or desirable, from time to time, to effectuate the withdrawal and/or collection of the principal of and interest on the Investments, as such shall become due and payable; and, in connection therewith, the County covenants and agrees to execute and to deliver any additional documents and/or to perform any other acts that may be required from time to time.

8. The Escrow Agent shall deposit the Refunding Investment Revenues as available in the Escrow Fund for the 2004 Bonds, and apply the same therefrom to the payment of interest as payable and principal at maturity or redemption and acknowledges that such Refunding Investment Revenues, together with any other monies deposited hereunder, will be adequate as to amount and appropriate as to maturity to meet all of such requirements of payment of the 2004 Bonds as and when due.

9. The Bank covenants that it has given notice by mail at the appropriate time, but not less than 30 nor more than 60 days before November 15, 2014, to all registered holders of the 2004 Bonds maturing on or after November 15, 2015 then outstanding in accordance with the Ordinance, and has given such other notice required by such Ordinance, of the "NOTICE OF REDEMPTION" in substantially the form

attached to the Irrevocable Instructions delivered by the County to the Escrow Agent, unless such notice should be waived by the holders of the 2004 Bonds.

10. The Escrow Agent covenants that it will, after the principal and interest to at redemption on the 2004 Bonds shall have been paid or provisions for such payment duly shall have been made, transfer, without further direction from the County, the balance in the said Escrow Fund, if any, to the County, after November 15, 2014 for those 2004 Bonds being refunded and maturing on or after November 15, 2015.

11. This Agreement shall not be interpreted so as to prevent the Escrow Agent from, in good faith, buying, selling, owning, holding or dealing in any of the 2004 Bonds, the Bonds, or any other series of bonds of the County, or from joining in any action in which any bondholder may be a party with the same effect as if the Escrow Agent were not a party to this Escrow Agreement, or from engaging in or being interested in any financial or other transactions with the County.

12. The Escrow Agent shall be responsible for the safekeeping of the Investments, all monies and any other securities or obligations in which any funds deposited hereunder are from time to time invested, and determining and supervising the continued collateralization thereof as required, and the collection of and application of interest and principal at maturity of such Investments or securities or other obligations, and the performance of its undertakings for loss with respect to investments which are authorized investments hereunder, nor shall the Escrow Agent be responsible for the payment of any interest or principal on the 2004 Bonds beyond the proceeds of the Refunding Investment Revenues and other funds held hereunder, if any.

13. The Escrow Agent in its capacity as Escrow Agent hereunder shall not have any liability for any loss sustained as a result of any investment made pursuant to the instructions of the County hereto or as a result of any liquidation of any investment prior to its maturity. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein. The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith unless a court of competent jurisdiction determines that the Escrow Agent's willful misconduct was the primary cause of a loss to the County. In the administration of the Escrow Fund hereunder the Escrow Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may, consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. The duties and responsibilities of the Escrow Agent hereunder shall be determined solely by the express provisions of this Agreement, and no further duties or responsibilities shall be implied. Any corporation or association into which the Escrow Agent in its individual capacity may be merged or converted or with which it may be

consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Escrow Agent in its individual capacity may be sold or otherwise transferred, shall be the Escrow Agent hereunder without further act. The County hereby agrees to indemnify and hold the Escrow Agent and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instructions or other directions upon which the Escrow Agent is authorized to rely pursuant to the terms of this Agreement. In addition to any not in limitation of the immediately preceding sentence, the County also agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Escrow Agent's performance under this Agreement, provided the Escrow Agent has not acted with gross negligence or engaged in willful misconduct. The provisions of this Section 11 shall survive the termination of this Agreement and the resignation or removal of Escrow Agent for any reason. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the

Escrow Agent has been advised of such loss or damage and regardless of the form of action.

14. The records of the Escrow Agent relating hereto shall be available to and shall be open to inspection by the County and its duly authorized agents and representatives at reasonable times upon reasonable request.

15. At the request of the County and upon compliance with the other terms of this Agreement, the Escrow Agent may dispose of the Investments provided to be held by it as per Exhibit "B" hereof or purchase other and different investments in the first instance. Provided, however, that there must be substituted for such Investments, other investments which shall also be obligations of the United States Government or insured by the Federal Deposit Insurance Corporation or similar federal agency. Further, any disposition of the Investments and substitution therefore must be effected in a simultaneous transaction, and only if the Escrow Agent has first received:

(a) A certificate of an independent certified public accountant to the effect that the income and principal of the substitute investments and cash, if any, and remaining Investments held by the Escrow Agent under this Escrow Agreement will provide the Escrow Agent with funds at the times and in the amounts sufficient to pay interest to and principal at redemption on the Bonds; and

(b) An unqualified opinion of nationally recognized bond counsel to the effect that, if the proposed disposition and substitution had been reasonably expected on the date of issuance of the Bonds, such expectation would not have caused such Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as

amended, and the Regulations thereunder in effect on the date of the proposed disposition and substitution and applicable to obligations issued on the issue date of the Bonds.

16. Escrow Fund Investments must be limited to:

(a) Cash

(b) U.S. Treasury Certificates, Bonds and Bonds (including State and Local Government Series - - "SLGS").

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, "CATS" and "TIGRS" and similar securities.

(d) Resolution Funding Corp. (REFCORP) - only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(e) Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

(f) Legally permissible collateralized Certificates of Deposit

(g) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

1. U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FHA): Certificates of beneficial ownership
3. Federal Financing Bank
4. General Services Administration: Participation certificates

5. U.S. Maritime Administration: Guaranteed Title XI Financing
6. U.S. Department of Housing and Urban Development (HUD): Project Bond Local Authority Bonds New Community Debentures - U.S. government guaranteed debentures U.S. Public Housing Bonds and Bonds - U.S. government guaranteed public housing Bonds and bonds

17. In the event that there is uninvested cash in the Escrow Fund and the Escrow Agent is unable to reinvest any funds due to the suspension of sales of U.S. Treasury Securities – State and Local Government Series, the Escrow Agent will notify the Issuer of such suspension, and the Issuer will provide to the Escrow Agent written directions to invest applicable amounts in specified Defeasance Obligations with a maturity date of no longer than 90 days from the date of investment as permitted under Revenue Procedure 95-47 (the “Alternate Investment”), together with (i) a revised Verification Report regarding the sufficiency of escrowed funds to pay remaining amounts due on the Refunded Bonds, taking into account the Alternate Investment and assuming that any amounts in excess of the purchase price of the Alternate Investment will be rebated to the U.S. Treasury Department (the “Alternate Investment Rebate Amount”), and (ii) an opinion of Bond Counsel satisfactory to the Escrow Agent to the effect that such transaction is in compliance with applicable law and will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest paid on the Refunded Bonds or the Series 2014 Note. At least 30 days before any such payment of the Alternate Investment Rebate Amount is due, the Issuer shall provide to the Escrow Agent a completed and executed Form 8038-T (or other applicable form) and instructions as to the required payment by the Escrow Agent to the U.S. Treasury Department of the Alternate Investment Rebate Amount, which payment shall be made

within 180 days of the date of purchase of the Alternate Investment pursuant to Revenue Procedure 95-47. References in this paragraph to Revenue Procedure 95-47 and dates within which certain actions must be taken pursuant thereto shall be construed to refer to applicable procedures and time periods specified in any superseding revenue procedures or other applicable advice promulgated by the U.S. Treasury Department. The Escrow Agent shall not be liable for any payments or penalties determined by the U.S. Treasury Department or other applicable agency if reinvestment instructions are not received when uninvested funds are available.

18. This Agreement shall be, and at all times shall be construed to be, irrevocable.

19. The rights, duties, responsibilities and obligations, as well as the benefit of this Escrow Agreement, shall inure to the benefit of the Bank, in its respective capacities, and its successors by purchase, merger or consolidation, and the County and its successor entities, if any, and any such successor shall be a party to this Escrow Agreement without the execution or filing of any additional document whatever by any party.

20. This Agreement shall terminate when the Escrow Agent has disbursed all funds held by it hereunder in accordance with the terms hereof.

21. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania.

22. This Agreement may be executed in multiple counterparts and need not bear the execution of both parties on any single counterpart so long as both parties execute duplicate copies of this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereinafter caused this Escrow Agreement to be executed by their duly authorized officers the date and year first appearing above.

ATTEST:

COUNTY OF LEHIGH

Clerk to Board of Commissioners

(Vice) President

(SEAL)

By: _____
Authorized Representative

COUNTY OF LEHIGH
REFUNDED GENERAL OBLIGATION BONDS
SERIES OF 2004
DEBT SERVICE SCHEDULE
OF BONDS TO BE REFUNDED
ASSUMING REDEMPTION NOVEMBER 15, 2014

<u>Date</u>	<u>Interest Due</u>	<u>Principal Due</u>	<u>Redeemed</u>	<u>Principal Total</u>
05/15/14	\$224,082.50			\$ 224,082.50
11/15/14	\$224,082.50	\$140,000.00	\$11,040,000.00	\$11,404,802.50
Totals	\$448,165.00	\$140,000.00	\$11,040,000.00	\$11,628,165.00

	Date	Principal Installment	Rate 0.830	Interest	Debt Service	Annual Debt Service
11/15/2013						
5/15/2014						
11/15/2014		30,000	0.830	56,574.88	86,574.88	86,574.88
5/15/2015			0.830	48,368.25	48,368.25	
11/15/2015		4,170,000	0.830	48,368.25	4,218,368.25	4,266,736.50
5/15/2016			0.830	31,062.75	31,062.75	
11/15/2016		6,200,000	0.830	31,062.75	6,231,062.75	6,262,125.50
5/15/2017			0.830	5,332.75	5,332.75	
11/15/2017		1,285,000	0.830	5,332.75	1,290,332.75	1,295,665.50
TOTALS		11,685,000		226,102.38	11,911,102.38	11,911,102.38

SCHEDULE "C"