

DESCRIBING THE PROJECT REFINANCED BY THE 1998 BONDS AND SPECIFYING THE REMAINING USEFUL LIFE OF SAID PROJECT; AUTHORIZING AND DIRECTING THE MAYOR, THE PRESIDENT OF THE COUNCIL, THE CITY CONTROLLER, THE CITY TREASURER, THE BUSINESS ADMINISTRATOR OR THE CITY CLERK OF THE CITY TO PREPARE, VERIFY AND FILE, AS APPLICABLE, THE DEBT STATEMENT AND OTHER APPROPRIATE DOCUMENTS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. § 8001 ET SEQ., AS AMENDED AND SUPPLEMENTED, AND, UPON RECEIPT OF APPROVAL OF THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, TO EXECUTE, ATTEST, ACKNOWLEDGE AND DELIVER, AS APPROPRIATE, (I) A SEVENTH SUPPLEMENTAL CONTRACT AND LEASE, BETWEEN THE AUTHORITY, AS LESSOR, AND THE CITY, AS LESSEE, SUPPLEMENTING A CONTRACT AND LEASE, DATED AS OF JANUARY 1, 1992, AS HERETOFORE AMENDED AND SUPPLEMENTED, BETWEEN SAID AUTHORITY, AS LESSOR, AND THE CITY, AS LESSEE, AND (II) A GUARANTY AGREEMENT WITH RESPECT TO AFORESAID GUARANTEED WATER REVENUE BONDS, SERIES OF 2010; APPROVING THE FORMS OF SAID SEVENTH SUPPLEMENTAL CONTRACT AND LEASE AND SAID GUARANTY AGREEMENT; CONSENTING TO THE ASSIGNMENT OF SAID SEVENTH SUPPLEMENTAL CONTRACT AND LEASE BY THE AUTHORITY, AS SECURITY, TO THE BANK OF NEW YORK MELLON ~~TRUST COMPANY,~~ ~~N.A.~~, AS TRUSTEE UNDER A TRUST INDENTURE, DATED AS OF JANUARY 1, 1992, AS HERETOFORE SUPPLEMENTED AND AMENDED, AND AS FURTHER SUPPLEMENTED AND AMENDED BY A FIFTH SUPPLEMENTAL TRUST INDENTURE, AND AUTHORIZING DELIVERY OF SAID GUARANTY AGREEMENT TO SAID TRUSTEE; SPECIFYING THE MAXIMUM LEASE RENTALS TO BE PAID BY THE CITY PURSUANT TO SAID SEVENTH SUPPLEMENTAL CONTRACT AND LEASE AND THE SOURCE OF PAYMENT OF SUCH LEASE RENTALS; GUARANTEEING PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE AFORESAID GUARANTEED WATER REVENUE BONDS, SERIES OF 2010 AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO; SPECIFYING THE MAXIMUM AMOUNT OF THE GUARANTY OBLIGATIONS OF THE CITY PURSUANT TO SUCH GUARANTY AGREEMENT; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY WITH RESPECT TO THE GUARANTY AGREEMENT; AND PROVIDING FOR PROPER OFFICERS OF THE CITY TO TAKE ALL OTHER REQUIRED, NECESSARY OR DESIRABLE RELATED ACTION IN CONNECTION WITH SAID PROJECT, SAID SEVENTH SUPPLEMENTAL CONTRACT AND LEASE, AND SAID GUARANTY AGREEMENT.

WHEREAS, the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the “**City**”) is existing under laws of the Commonwealth of Pennsylvania (the “**Commonwealth**”) and is a Local Government Unit, as defined in the Pennsylvania Local government Unit Debt Act, 53 Pa. C.S. § 8001 *et seq.*, as amended and supplemented (the “**Debt Act**”); and

WHEREAS, Bethlehem Authority (the “**Authority**”) is a body politic and corporate organized and existing under the Municipality Authorities Act, 53 Pa. C.S. § 5601 *et seq.*, as amended and supplemented, of the Commonwealth; and

WHEREAS, the Authority heretofore acquired and constructed a complete water supply and distribution system, including related and necessary facilities, in and for rendering water supply and distribution service in and for the City and other municipalities in the general area of the City, all of which facilities constitute part of the Water System, as such term is defined in the Original Indenture, hereinafter identified, and referred to herein; and

WHEREAS, the Authority heretofore entered into a Trust Indenture, dated as of January 1, 1992 (the “**Original Indenture**”), between the Authority and First Valley Bank, succeeded by merger by The Bank of New York Mellon ~~Trust~~, as trustee (the “**Trustee**”), for, *inter alia*, the purpose of providing for the issuance, from time to time, of Water Revenue Bonds, as such term is defined in the Original Indenture, with respect to the Water System, as such term is defined in the Original Indenture; and

WHEREAS, the Authority heretofore issued a series of water revenue bonds designated as Water Revenue Refunding Bonds, Series of 1994, dated as of February 1, 1994, in the aggregate principal amount of \$82,870,000 (the “**1994 Bonds**”), all of which 1994 Bonds heretofore have been retired, under the provisions of the Original Indenture, as supplemented by a First Supplemental Trust Indenture, dated as of December 1, 1992 (the “**First Supplemental Indenture**”), and as further supplemented by a Second Supplemental Trust Indenture, dated as of February 1, 1994 (the “**Second Supplemental Indenture**”), between the Authority and the Trustee; and

WHEREAS, the Authority, pursuant to the Original Indenture, as previously amended and supplemented and as further supplemented by a Third Supplemental Trust Indenture, dated as of August 15, 1998 (the “**Third Supplemental Indenture**”), between the Authority and the Trustee heretofore issued a series of water revenue bonds designated as Guaranteed Water Revenue Bonds, Series of 1998, dated as of August 15, 1998, in initial principal value of \$25,142,165.35 (the “**Series of 1998 Bonds**”), which Series of 1998 Bonds consisted of (a) current interest bonds, in the initial aggregate principal amount of \$11,630,000 (the “**1998 Current Interest Bonds**”), a portion of which 1998 Current Interest Bonds presently remains outstanding in the aggregate principal amount of \$10,440,000 (the “**Outstanding 1998 Current Interest Bonds**”) and (b) capital appreciation bonds, with an initial aggregate stated value of \$13,512,165.35 (the “**1998 Capital Appreciation Bonds**”), all of which 1998 Capital Appreciation Bonds presently remain outstanding; and

10. The Mayor, the City Controller, or the City Clerk of the City, as appropriate, are authorized and directed to execute, attest, acknowledge and deliver, as applicable, the Seventh Supplemental Lease, in behalf of the City, with such insertions, deletions and amendments as the officers of the City executing the Seventh Supplemental Lease and the Solicitor to the City shall approve. The execution, attestation and delivery of the Seventh Supplemental Lease by appropriate officers of the City shall constitute conclusive evidence of such approval; Provided, however, that such execution and delivery of the Seventh Supplemental Lease shall be subject to compliance by the City with applicable provisions of the Debt Act.

The City consents to the assignment by the Authority of all its right, title and interest in the Seventh Supplemental Lease and all additional rentals payable by the City thereunder as set forth in an Assignment, attached to the Seventh Supplemental Lease.

11. The Mayor, the City Controller, or the City Clerk of the City, as appropriate, are hereby authorized and directed to execute, attest, seal and deliver the Guaranty Agreement, with such insertions, deletions and amendments as the officers of the City executing the Guaranty Agreement and the Solicitor to the City shall deem necessary. The execution, attestation and delivery of the Guaranty Agreement by appropriate officers of the City shall constitute conclusive evidence of such approval; Provided, however, that such execution and delivery of the Guaranty Agreement shall be subject to compliance by the City with applicable provisions of the Debt Act.

The City authorizes delivery of the Guaranty Agreement to The Bank of New York Mellon ~~Trust Company, N.A.~~, as Trustee, for the purposes set forth in the Guaranty Agreement.

12. The City covenants to pay to the Authority or its assigns, as contemplated by the Seventh Supplemental Lease, rentals required pursuant to the Seventh Supplemental Lease, but in no event to exceed the annual amounts set forth in Exhibit C attached hereto. Exhibit C is incorporated herein by reference with the same force and effect as if fully set forth in the text hereof.

13. Lease rentals and other obligations of the City under the Lease are payable from certain revenues of the City, all as more fully described in the Lease, together with other moneys, if any, which may be available for said purposes.

14. In the event that the City is obligated to make payments under the Guaranty Agreement, the maximum annual amounts required to be paid thereunder, if and as necessary on a semiannual basis, from the general revenues of the City, shall be as set forth in Exhibit C hereto. Exhibit C is incorporated herein by reference with the same force and effect as if fully set forth in the text hereof. If at any time the City is required to make any payment under the Guaranty Agreement, the proper officers of the City are hereby authorized and directed to do so.

15. The City covenants to and with the owners of the Series of 2010 Bonds, from time to time, that, subject to the terms and conditions of and as set forth more fully in the Guaranty Agreement, the City (a) shall include the amounts payable in respect of the Guaranty Agreement for each fiscal year in which such sums are payable in its budget for that year, (b) shall appropriate such amounts from its general revenues for the payment of such payment, and (c) shall duly and punctually pay or cause to be paid from any of its revenues or funds the amount

payable in respect of the Guaranty Agreement, at the dates and place and in the manner stated in such Guaranty Agreement, according to the true intent and meaning thereof. The City pledges its full faith, credit and taxing power for such budgeting, appropriation and payment in respect of the Guaranty Agreement. This covenant shall be specifically enforceable in accordance with the Debt Act.

16. Proper officers and officials of the City are hereby authorized and directed to execute, attest and deliver any and all necessary or appropriate certificates, instruments, agreements or documents and to do any and all necessary or appropriate things in connection with the transactions hereby contemplated, including, without limitation, fulfilling the requirements of the terms and conditions approved by the Authority with respect to the Series of 2010 Bonds.

17. The Mayor, the City Controller, the President of the Council of the City or the City Clerk of the City, as appropriate, are hereby authorized and directed to: (i) execute, attest, acknowledge and deliver, as applicable, any consents; and (ii) take any action which may be necessary or required in connection with the Project or the issuance of the Series of 2010 Bonds.

18. There is created a sinking fund of the City for the guarantee of the City related to the Series of 2010 Bonds, to be known as "Sinking Fund - Bethlehem Authority Guaranteed Water Revenue Bonds, Series of 2010". Said sinking fund shall be administered in the manner provided by the Debt Act for administration of sinking funds created pursuant to the Debt Act.

The City covenants and agrees to pay into the aforesaid sinking fund all moneys, if any, required to be paid to holders of the Series of 2010 Bonds pursuant to provisions of the Guaranty Agreement on or before the dates required for such payment pursuant to terms of the Guaranty Agreement. Moneys so deposited shall be paid to applicable holders of the Series of 2010 Bonds by the sinking fund depository appointed in Paragraph 19 hereof, in behalf of the City, pursuant to terms of the Guaranty Agreement, on the dates and in the manner required by terms of the Guaranty Agreement.

19. The City appoints The Bank of New York Mellon ~~Trust Company, N.A.~~, as the sinking fund depository with respect to the sinking fund created pursuant to Paragraph 18 hereof.

20. This Ordinance shall become effective in accordance with the provisions of the Debt Act.

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