

**FOLLOWING FOR FIRST READING IS A DRAFT
ORDINANCE AUTHORIZING THE CITY OF BETHLEHEM TO PROVIDE A GUARANTY
FOR BETHLEHEM AUTHORITY WATER REVENUE BONDS PROPOSED TO BE ISSUED
TO (I) REFUND ALL OR A PORTION OF THE AUTHORITY'S OUTSTANDING
GUARANTEED WATER REVENUE BONDS, SERIES OF 2014 FOR THE PURPOSE OF
REDUCING DEBT SERVICE, AND (II) FUND CERTAIN CAPITAL PROJECTS OF THE
AUTHORITY**

Bill No. ____-2022

CITY OF BETHLEHEM,

Lehigh and Northampton Counties, Pennsylvania

Ordinance

No. ____ 2022

File of the City Council

No. ____

Session of 2022

Moved by_____

April ____, 2022

AN ORDINANCE

OF THE COUNCIL OF THE CITY OF BETHLEHEM, LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA (THE "CITY"), DETERMINING TO INCUR DEBT IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000¹; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT TO BE EVIDENCED BY A SERIES OR SUBSERIES OF GUARANTEED WATER REVENUE BONDS, SERIES OF 2022 OR SUCH OTHER DESIGNATION AS MAY BE APPROPRIATE, TO BE AUTHORIZED AND TO BE ISSUED BY BETHLEHEM AUTHORITY (THE "AUTHORITY"); BRIEFLY DESCRIBING THE PROJECTS FOR WHICH SAID DEBT IS TO BE INCURRED AND SPECIFYING THE REALISTIC AND REMAINING USEFUL LIVES OF SAID PROJECT FINANCED AND REFINANCED THEREBY; 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

¹ Estimated, subject to change.

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 NINTH 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 BONDS; APPROVING THE FORMS OF SAID NINTH SUPPLEMENTAL CONTRACT AND LEASE AND SAID GUARANTY AGREEMENT; CONSENTING TO THE ASSIGNMENT OF SAID NINTH SUPPLEMENTAL CONTRACT AND LEASE BY THE AUTHORITY, AS SECURITY, TO THE BANK OF NEW YORK MELLON, 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 SEVENTH 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 NINTH SUPPLEMENTAL CONTRACT AND LEASE AND THE SOURCE OF PAYMENT OF SUCH LEASE RENTALS; GUARANTEEING PAYMENT OF THE PRINCIPAL OF AND INTEREST ON AFORESAID BONDS 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 NINTH 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, 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, pursuant to 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 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; and

WHEREAS, the Authority and the City heretofore determined it necessary and advisable and have undertaken construction and acquisition of certain Capital Additions, as such term is defined in the Original Indenture, to the Water System, including construction of a new concrete gravity dam, intake tower, transmission main improvements, access road improvements, reservoir perimeter clearing and other associated work and related facilities, generally known as Penn Forest Dam, which undertakings herein are referred to as the “**Penn Forest Dam Project**”; and

WHEREAS, the Authority heretofore has incurred indebtedness in connection with the Penn Forest Dam Project, as evidenced by its Guaranteed Water Revenue Note, Series A of 1997, in the principal amount \$40,000,000 (the “**1997 Water Revenue Note**”), to Emmaus General Authority, pursuant to the terms of an Agreement, dated as of August 1, 1997, between the Authority and the Emmaus General Authority, which 1997 Water Revenue Note heretofore has been retired; and

WHEREAS, proceeds derived from the 1997 Water Revenue Note were applied for and toward costs and expenses of the Penn Forest Dam Project; 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**”), all of which 1998 Current Interest Bonds heretofore have been retired, and (b) capital appreciation bonds, with an initial aggregate stated value of \$13,512,165.35 (the “**1998 Capital Appreciation Bonds**”), a portion of which 1998 Capital Appreciation Bonds presently remain outstanding; and

WHEREAS, proceeds derived from the Series of 1998 Bonds were applied for and toward (i) prepayment of a portion of the outstanding 1997 Water Revenue Note, (ii) costs and expenses of the Penn Forest Dam Project, and (iii) deposits, costs and expenses related to the issuance of the Series of 1998 Bonds; and

WHEREAS, the Authority, pursuant to the Original Indenture, as previously amended and supplemented and as further supplemented by a Fourth Supplemental Trust Indenture, dated as of August 15, 2004 (the “**Fourth Supplemental Indenture**”), between the Authority and the Trustee heretofore issued a series of water revenue bonds designated as Guaranteed Water Revenue Bonds, Series of 2004, dated as of August 15, 2004, in initial principal amount of \$66,090,000 (the “**Series of 2004 Bonds**”), all of which Series of 2004 Bonds heretofore have been retired; and

WHEREAS, proceeds derived from the Series of 2004 Bonds were applied for and toward (i) current refunding a portion of the outstanding 1994 Bonds and (ii) deposits, costs and expenses related to the issuance of the Series of 2004 Bonds; and

WHEREAS, the Authority, pursuant to the Original Indenture, as previously amended and supplemented and as further supplemented by a Fifth Supplemental Trust Indenture, dated as of March 1, 2010 (the “**Fifth Supplemental Indenture**”), between the Authority and the Trustee heretofore issued a series of water revenue bonds designated as Guaranteed Water Revenue Bonds, Series of 2010, dated as of March 16, 2014, in initial principal amount of \$11,000,000 (the “**Series of 2010 Bonds**”), all of which Series of 2010 Bonds heretofore have been retired; and

WHEREAS, proceeds derived from the Series of 2010 Bonds were applied for and toward (i) current refunding of the outstanding 1998 Current Interest Bonds, being a portion of the outstanding Series of 1998 Bonds, and (ii) deposits, costs and expenses related to the issuance of the Series of 2010 Bonds; and

WHEREAS, the Authority, pursuant to the Original Indenture, as previously amended and supplemented and as further supplemented by a Sixth Supplemental Trust Indenture, dated as of September 1, 2014 (the “**Sixth Supplemental Indenture**”, and together with the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture and Fifth Supplemental Indenture, collectively, the “**Existing Indenture**”), between the Authority and the Trustee heretofore issued a series of water revenue bonds designated as Guaranteed Water Revenue Bonds, Series of 2014, in the aggregate principal amount of \$67,785,000 (the “**Series of 2014 Bonds**”), a portion of which Series of 2014 Bonds remain outstanding (the “**Outstanding Series of 2014 Bonds**”); and

WHEREAS, proceeds derived from the Series of 2014 Bonds were applied for and toward (i) refunding of the 1997 Water Revenue Note, the Series of 2004 Bonds and the Series of 2010 Bonds and (ii) financing the acquisition and construction of certain Capital Additions to the Water System; and

WHEREAS, the Authority, as lessor, heretofore entered into a Contract and Lease, dated as of January 1, 1992 (the “**Original Lease**”), with the City, as lessee, whereunder the Authority leased the Water System, as such term is described in the Original Lease and referred to herein, to the City, and whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain net rentals to the Authority or its assigns; and

WHEREAS, the Authority, as lessor, heretofore entered into a First Supplemental Contract and Lease, dated as of December 1, 1992 (the “**First Supplemental Lease**”), a Second Supplemental Contract and Lease, dated as of February 1, 1994 (the “**Second Supplemental Lease**”), a Third Supplemental Contract and Lease, dated for convenience as of July 1, 1997, but effective as provided therein (the “**Third Supplemental Lease**”), a Fourth Supplemental Contract and Lease, dated for convenience as of March 15, 1998, but effective as provided therein (the “**Fourth Supplemental Lease**”), a Fifth Supplemental Contract and Lease, dated as of August 15, 1998 (the “**Fifth Supplemental Lease**”), a Sixth Supplemental Contract and Lease, dated as of August 15, 2004 (the “**Sixth Supplemental Lease**”), a Seventh Supplemental Contract and Lease, dated as of March 1, 2010 (the “**Seventh Supplemental Lease**”), and an Eighth Supplemental Contract and Lease, dated as of September 1, 2014 (the “**Eighth Supplemental Lease**”), and together with the Original Lease, First Supplemental Lease, Second Supplemental Lease, Third Supplemental Lease, Fourth Supplemental Lease, Fifth Supplemental Lease, Sixth Supplemental Lease and Seventh Supplemental Lease, collectively, the “**Existing Lease**”), with the City, as lessee, all with respect to the Water System whereunder the City agreed, *inter alia*, to pay certain additional minimum net rentals to the Authority or its assigns; and

WHEREAS, in connection with the Authority's issuance of its Series of 2014 Bonds, the City executed and delivered to the Trustee a Guaranty Agreement, dated as of September 1, 2014, pursuant to which the City guaranteed the payment when due of principal of and interest on the Series of 2014 Bonds; and

WHEREAS, current financial market conditions are such that there could be cost savings to the Authority and, thereby, to the City as the guarantor of the Series of 2014 Bonds, if all or a portion of the Outstanding Series of 2014 Bonds could be currently refunded; and

WHEREAS, the Authority, in accordance with power and authority reserved to it in the Series of 2014 Bonds, desires to undertake a project to refund all or a portion of the Outstanding Series of 2014 Bonds, without extending the final maturity date, for the purpose of reducing debt service as permitted by and in accordance with Section 8241(b)(1) of the Debt Act, which undertaking herein is referred to as the **“2014 Refunding Project”**; and

WHEREAS, the Authority and the City desire to undertake as a project the financing of the **“Cost of Construction”** related to the acquisition and construction of certain Capital Additions to the Water System including: certain alterations, additions, improvements and upgrades to the Water System and related facilities, and other such capital improvements as may be deemed necessary, which undertaking is herein referred to as the **“2022 Capital Project”**; and

WHEREAS, the Authority, upon certain terms and conditions, proposes to issue and sell one or more series or subseries of Guaranteed Water Revenue Bonds, Series of 2022, or such other designation as may be appropriate, in the aggregate principal amount not to exceed \$50,000,000¹ (the **“Series of 2022 Bonds”**), the proceeds of which Series of 2022 Bonds will be applied by the Authority, together with other available funds of the Authority, if any, to finance a project (the **“2022 Project”**), consisting of: (i) the 2014 Refunding Project; (ii) the 2022 Capital Project; and (iii) payment of the costs and expenses of issuing the Series of 2022 Bonds; and

WHEREAS, the City is willing to guarantee the full payment of the principal of and interest on the Series of 2022 Bonds, pursuant to the authority set forth in the Debt Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Council of the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania, as follows:

1. The City hereby authorizes and approves the 2022 Project, as described in the recitals hereof, and requests the Authority to undertake the 2022 Project. The City ratifies and confirms all actions heretofore taken by the Authority and any official of the City in connection with the 2022 Project.

2. The Council of the City hereby determines that reasonable cost estimates have been obtained for the 2022 Capital Project with the assistance of the Authority’s financial advisor, consulting engineers and others qualified by experience. The cost of the 2022 Project is estimated not to exceed \$50,000,000. The Council of the City hereby determines that the useful life of the 2022 Capital Project is at least forty (40) years.

The Council of the City hereby determines that the capital project originally financed by the Series of 2014 Bonds has a remaining useful life of at least at least thirty-two (32) years.

¹ Estimated, subject to change.

3. The Council of the City hereby determines to incur “debt”, as such term is defined in the Debt Act, as “lease rental debt”, as such term is defined in the Debt Act, in connection with the financing of the 2022 Project by the Authority.

4. The debt to be incurred as lease rental debt, as set forth in Paragraph 3 hereof, shall be evidenced by the Authority’s Series of 2022 Bonds, in the aggregate principal amount not to exceed \$50,000,000. The Series of 2022 Bonds shall be a series of additional Water Revenue Bonds issued under and pursuant to the Existing Indenture, as supplemented by a Seventh Supplemental Trust Indenture (the “**Seventh Supplemental Indenture**”, and together with the Existing Indenture, the “**Indenture**”), between the Authority and the Trustee, and secured by, *inter alia*, lease rentals to be payable by the City to the Authority or its assigns under the Existing Lease, as supplemented and amended by the Ninth Supplemental Lease, hereinafter mentioned and identified.

5. The City, as lessee, shall enter into a Ninth Supplemental Contract and Lease (the “**Ninth Supplemental Lease**”), with the Authority, as lessor, substantially in the form referred to in Paragraph 7 hereof, with respect to the 2022 Project and the Series of 2022 Bonds. The Existing Lease, as amended and supplemented by the Ninth Supplemental Lease, herein is referred to as the “**Lease**.” The Lease, *inter alia*, sets forth terms and provisions to be observed by the City and the Authority with respect to the Water System, the 2022 Project and the Series of 2022 Bonds.

6. The City shall enter into a Guaranty Agreement (the “**Guaranty Agreement**”), substantially in the form referred to in Paragraph 8 hereof, with respect to the Series of 2022 Bonds to be issued by the Authority.

7. The Ninth Supplemental Lease shall be substantially in the form presented to this meeting as Exhibit A attached hereto, which form is approved; and a copy of the Ninth Supplemental Lease, in the form so presented to this meeting and so approved, shall be filed with the City Clerk of the City for inspection, at reasonable times, by interested persons requesting such inspection.

8. The Guaranty Agreement shall be substantially in the form presented to this meeting as Exhibit B attached hereto, which form is approved; and a copy of the Guaranty Agreement, in the form so presented to this meeting and so approved, shall be filed with the City Clerk of the City for inspection, at reasonable times, by interested persons requesting such inspection.

9. The Mayor, the President of the Council of the City, the City Controller, the City Treasurer, the Business Administrator or the City Clerk, as appropriate, of the City are hereby authorized and directed: (a) to prepare, verify and file with the Pennsylvania Department of Community and Economic Development (the “**Department**”), a debt statement and the borrowing base certificate, as required by Section 8110 of the Debt Act; and (b) to prepare and file originally and thereafter, as required, with the Department, appropriate statements required by Section 8026 of the Debt Act which are necessary to qualify all or a portion of lease rental debt of the City, which is subject to exclusion as self-liquidating debt, for exclusion from the appropriate debt limit of the City as self-liquidating debt.

For such purpose, the Council of the City hereby directs the firm of Colliers Engineering & Design, Allentown, Pennsylvania, Consulting Engineers, to prepare an engineering report in conformance with Section 8026 of the Debt Act, with respect to the Water System and with respect to the Series of 2022 Bonds.

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 Ninth Supplemental Lease, in behalf of the City, with such insertions, deletions and amendments as the officers of the City executing the

Ninth Supplemental Lease and the Solicitor to the City shall approve. The execution, attestation and delivery of the Ninth Supplemental Lease by appropriate officers of the City shall constitute conclusive evidence of such approval; Provided, however, that such execution and delivery of the Ninth 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 Ninth Supplemental Lease and all additional rentals payable by the City thereunder as set forth in an Assignment, attached to the Ninth 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, 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 Ninth Supplemental Lease, rentals required pursuant to the Ninth 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. In addition, in accordance with Section 8142(b)(1) of the Debt Act, the maturities of the Series of 2022 Bonds have been fixed so that the debt service on the Series of 2022 Bonds, together with all other outstanding debt of the City of the same classification, will be amortized on at least an approximately level annual debt service plan.

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 2022 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. The preparation and distribution of the Preliminary Official Statement of the Authority (the “Preliminary Official Statement”) setting forth, among other matters, certain information about the City hereby is authorized. The Mayor, the City Controller, or the City Clerk of this City, as appropriate, hereby are authorized and directed to execute on behalf of this City such certificates that the purchasers of the Series of 2022 Bonds may reasonably request and counsel may recommend with respect to the Preliminary Official Statement and a final Official Statement as to information regarding this City, including a certificate that as of its date the Preliminary Official Statement is “deemed final” by this City in accordance with Rule 15c2-12 of the Securities and Exchange Commission.

17. 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 2022 Bonds.

18. 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 2022 Project or the issuance of the Series of 2022 Bonds.

19. There is created a sinking fund of the City for the guarantee of the City related to the Series of 2022 Bonds, to be known as “Sinking Fund - Bethlehem Authority Guaranteed Water Revenue Bonds, Series of 2022” or such other designation as may be appropriate. 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 aforesaid sinking fund all moneys, if any, required to be paid to holders of the Series of 2022 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 2022 Bonds by the sinking fund depositary 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.

20. The City appoints The Bank of New York Mellon, as the sinking fund depositary with respect to the sinking fund created pursuant to Paragraph 18 hereof.

21. In accordance with Rule 15c2-12 (the “**Rule**”) promulgated under the Securities Exchange Act of 1934, as amended, the City hereby covenants, with and for the benefit of the holders and beneficial owners (which shall include any person or entity that has a pecuniary interest in any of the Series of 2022 Bonds) from time to time of the Series of 2022 Bonds, to provide or cause to be provided to the Municipal Securities Rulemaking Board (the “**MSRB**”) through its Electronic Municipal Market Access system (“**EMMA System**”), certain annual financial information and operating data, and notices of certain events, as further set forth in the Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”) to be executed by the City in connection with the issuance of the Bonds. The City hereby is authorized and directed to execute and deliver the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate shall be substantially in the form as proper officers of the City shall approve.

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

23. 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.

24. All ordinances and resolutions or parts thereof, insofar as the same are inconsistent herewith, are repealed hereby.

Sponsored by _____

PASSED finally in Council on the _____ day of April, 2022.

President of Council

ATTEST:

City Clerk

(SEAL)

Presented to Mayor for Approval: April ____, 2022.

This Ordinance approved this _____ day of April, 2022.

Mayor of City of Bethlehem

EXHIBIT A

NINTH SUPPLEMENTAL CONTRACT AND LEASE

BETHLEHEM AUTHORITY,
as Lessor,
to
CITY OF BETHLEHEM,
Lehigh and Northampton Counties, Pennsylvania,
as Lessee

NINTH SUPPLEMENTAL CONTRACT AND LEASE

Dated as of August 1, 2022

to
CONTRACT AND LEASE, dated as of January 1, 1992
as supplemented by a
FIRST SUPPLEMENTAL CONTRACT AND LEASE, dated as of December 1, 1992
and a
SECOND SUPPLEMENTAL CONTRACT AND LEASE, dated as of February 1, 1994
and a
THIRD SUPPLEMENTAL CONTRACT AND LEASE, dated for convenience as of July 1, 1997
and a
FOURTH SUPPLEMENTAL CONTRACT AND LEASE, dated as of March 15, 1998
and a
FIFTH SUPPLEMENTAL CONTRACT AND LEASE, dated for convenience as of August 15, 1998
and a
SIXTH SUPPLEMENTAL CONTRACT AND LEASE, dated as of August 15, 2004
and a
SEVENTH SUPPLEMENTAL CONTRACT AND LEASE, dated as of March 1, 2010
and an
EIGHTH SUPPLEMENTAL CONTRACT AND LEASE, dated as of September 1, 2014

**ASSIGNMENT OF NINTH SUPPLEMENTAL CONTRACT
AND LEASE AND ADDITIONAL RENTALS**

Dated as of August 1, 2022

by
BETHLEHEM AUTHORITY
to
THE BANK OF NEW YORK MELLON
(Successor in interest to Summit Bank and First Valley Bank, as Trustee)

BROUGHAL & DEVITO, L.L.P.
Attorneys-at-Law
38 West Market Street
Bethlehem, Pennsylvania

ECKERT SEAMANS CHERIN & MELLOTT, LLC
Attorneys-at-Law
213 Market Street
Harrisburg, Pennsylvania

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NINTH SUPPLEMENTAL CONTRACT AND LEASE

THIS NINTH SUPPLEMENTAL CONTRACT AND LEASE, dated as of August 1, 2022 (referred to separately in this document as the “**Ninth Supplemental Lease**” and which term sometimes is referred to in this document by use of such words as “hereto”, “hereby”, “herein”, “hereof” and “hereunder” or other descriptive words or phrases having similar import), by and between **BETHLEHEM AUTHORITY**, a municipality authority organized and existing under the laws of the Commonwealth of Pennsylvania (the “**Authority**”), as lessor, and the **CITY OF BETHLEHEM**, Lehigh and Northampton Counties, Pennsylvania, a municipality organized and existing under the Commonwealth of Pennsylvania (the “**City**”), as lessee, to a Contract and Lease, dated as of January 15, 1992 (the “**Original Lease**”), as amended and supplemented by a First Supplemental Contract and Lease, dated as of December 1, 1992 (the “**First Supplemental Lease**”), and by a Second Supplemental Contract and Lease, dated as of February 1, 1994 (the “**Second Supplemental Lease**”), and by a Third Supplemental Contract and Lease, dated for convenience as of July 1, 1997 (the “**Third Supplemental Lease**”), and by a Fourth Supplemental Contract and Lease, dated for convenience as of March 15, 1998 (the “**Fourth Supplemental Lease**”), and by a Fifth Supplemental Contract and Lease, dated for convenience as of August 15, 1998 (the “**Fifth Supplemental Lease**”), and by a Sixth Supplemental Contract and Lease, dated for convenience as of August 15, 2004 (the “**Sixth Supplemental Lease**”), and by a Seventh Supplemental Contract and Lease, dated for convenience as of March 1, 2010 (the “**Seventh Supplemental Lease**”) and by an Eighth Supplemental Contract and Lease, dated for convenience as of September 1, 2014 (the “**Eighth Supplemental Lease**” and, together with the Original Lease, the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease and the Seventh Supplemental Lease, the “**Existing Lease**”), between the Authority, as lessor, and the City, as lessee.

W I T N E S S E T H:

WHEREAS, the Authority is a body corporate and politic originally organized as the Bethlehem Municipal Water Authority by the municipal authorities of the City under the Municipality Authorities Act of 1935 (the Act of June 28, 1935, P.L. 463, as amended and supplemented) of the Commonwealth of Pennsylvania, pursuant to an ordinance duly enacted August 15, 1938 by the Council of the City, and is now existing under the Municipality Authorities Act, 53 Pa. C.S. § 5601 *et seq.*, as amended and supplemented, of the Commonwealth of Pennsylvania (the “**Act**”) for all of the purposes of the Act; and

WHEREAS, by amendment to its Articles of Incorporation duly filed and approved August 23, 1949, the name of the Authority was changed to Bethlehem Authority and its term of existence extended to August 23, 1999, and by further amendments to its Articles of Incorporation, the latest having been duly filed and approved April 8, 1991, its term of existence was extended to March 1, 2040; and

WHEREAS, the Authority has acquired and constructed in increments the Water System, as such term is defined in the Original Indenture (hereinafter identified), including water supply and distribution system and related property, both real and personal and mixed, and appurtenances in connection therewith, which Water System is leased to the City pursuant to the Existing Lease; and

WHEREAS, the Authority owns the Water System, as such exists as of the effective date hereof; and

WHEREAS, the City has duly enacted Ordinances, *inter alia*, imposing certain water rentals or charges upon owners of improved property connected to the Water System for use thereof and for services rendered in connection therewith and providing for enforcement of such ordinances as permitted by law; and

WHEREAS, the Authority heretofore issued a series of water revenue bonds designated as its Water Revenue Bonds, Series of 1992 (the “**1992 Bonds**”), in the aggregate principal amount of \$41,905,000, under the provisions of the Trust Indenture, dated as of January 1, 1992 (the “**Original Indenture**”), between the Authority and First Valley Bank, succeeded by interest by The Bank of New York Mellon, Woodland Park, New Jersey, as trustee (the “**Trustee**”), for the purposes, *inter alia*, of providing funds for and toward payment of “Cost of Construction”, as such term is defined in the Original Indenture, of Phase I of the Water Supply Project, as described in the Original Indenture, and to refund certain water revenue bonds outstanding under a prior indenture, all of which 1992 Bonds have been retired; and

WHEREAS, the Authority heretofore issued a series of bond anticipation notes designated as its Bond Anticipation Notes, Series 1992 (the “**1992 Notes**”), in the aggregate principal amount of \$19,000,000, under the provisions of the Original Indenture, for the purposes, *inter alia*, of providing funds for and toward payment of “Cost of Construction”, as such term is defined in the Original Indenture, of said Phase I of the Water Supply Project, all of which 1992 Notes have been retired; and

WHEREAS, the Authority, as lessor, and the City, as lessee, heretofore entered into the Original Lease, whereunder the Authority leased the “Water System”, as such term is defined and described in the Original Lease and referred to herein, to the City, and whereunder the City agreed, *inter alia*, to operate and maintain the Water System and initially to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority, under the Original Indenture, has sold, assigned and transferred to and pledged with the Trustee all right, title and interest of the Authority in and to all Revenues from the Water System, as such phrase is defined in the Original Indenture, which includes, *inter alia*, all rentals and other amounts payable by the City to the Authority under the Original Lease and all supplements and amendments thereto as security; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as Water Revenue Bonds, Series A of 1992 (the “**1992A Bonds**”), in the aggregate principal amount of \$32,650,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Trust Indenture, dated as of December 1, 1992 (the “**First Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward redemption of the 1992 Notes and payment of “Cost of Construction”, as such term is defined in the Original Indenture, of Phase II of the Water Supply Project, as described in the Original Indenture and the First Supplemental Indenture, all of which 1992A Bonds have been retired; and

WHEREAS, in connection with issuance of the 1992A Bonds, the Authority, as lessor, and the City, as lessee, heretofore entered into the First Supplemental Lease, to the Original Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain additional minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the First Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of December 1, 1992; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Water Revenue Refunding Bonds, Series of 1994 (the “**1994 Bonds**”), in the aggregate principal amount of \$82,870,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture and as further supplemented by the Second Supplemental Trust Indenture, dated as of February 1, 1994 (the “**Second Supplemental Indenture**”), for the purpose, *inter alia*, of

providing funds for and toward refunding of the 1992 Bonds and the 1992A Bonds, all of which 1994 Bonds have been retired; and

WHEREAS, in connection with issuance of the 1994 Bonds, the Authority, as lessor, and the City, as lessee, heretofore entered into the Second Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Second Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of February 1, 1994; and

WHEREAS, the Authority and the City heretofore determined it necessary and advisable and have undertaken construction and acquisition of certain Capital Additions, as such term is defined in the Original Indenture, to the Water System, including construction of a new concrete gravity dam, intake tower, transmission main improvements, access road improvements, reservoir perimeter clearing and other associated work and related facilities, which construction is to be in accordance with plans and specifications prepared therefor by the Consulting Engineers to the Authority, or in accordance with properly approved changes, modifications and alterations of such plans and specifications, which undertakings herein are referred to as the **“Penn Forest Dam Project”**; and

WHEREAS, the Authority heretofore has incurred indebtedness in connection with the Penn Forest Dam Project, as evidenced by its Guaranteed Water Revenue Note, Series A of 1997, in the principal amount \$40,000,000 (the **“1997 Water Revenue Note”**), to Emmaus General Authority, pursuant to the terms of an Agreement, dated as of August 1, 1997, between the Authority and the Emmaus General Authority, all of which 1997 Water Revenue Note has been prepaid; and

WHEREAS, in connection with issuance of the 1997 Water Revenue Note, the Authority, as lessor, and the City, as lessee, heretofore entered into the Third Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease and the Second Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has pledged all additional rentals payable under the Third Supplemental Lease as security for the 1997 Water Revenue Note, which pledge is junior and subordinate to the lien of the Indenture, hereinafter described; and

WHEREAS, the Authority heretofore issued its Guaranteed Water Revenue Note of 1998, in the principal amount not to exceed \$20,000,000 (the **“1998 Water Revenue Note”**), pursuant to a Loan Agreement, dated as of March 18, 1998, by and between Pennsylvania Infrastructure Investment Authority, as lender, and the Authority, as borrower, for the purpose, *inter alia*, of providing funds for and toward the Penn Forest Dam Project, all of which 1998 Water Revenue Note is no longer outstanding; and

WHEREAS, in connection with issuance of the 1998 Water Revenue Note, the Authority, as lessor, and the City, as lessee, heretofore entered into the Fourth Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease and the Third Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has pledged all additional rentals payable under the Fourth Supplemental Lease as security for the 1998 Water Revenue Note, which pledge is junior and subordinate to the lien of the Indenture, hereinafter described; and

WHEREAS, the Authority 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 "**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**"), all of which 1998 Current Interest Bonds have been retired, and (b) capital appreciation bonds, with an initial aggregate stated value of \$13,512,165.35 (the "**1998 Capital Appreciation Bonds**"), a portion of which 1998 Capital Appreciation Bonds presently remain outstanding, which 1998 Bonds are issued under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and as further supplemented by the Third Supplemental Trust Indenture, dated as of August 15, 1998 (the "Third Supplemental Indenture"), for the purpose, *inter alia*, of providing funds for and toward refunding \$20,000,000, principal amount, of the 1997 Water Revenue Note and providing additional funds for and toward completion of the Penn Forest Dam Project; and

WHEREAS, in connection with issuance of the 1998 Bonds, the Authority, as lessor, and the City, as lessee, heretofore entered into the Fifth Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease and the Fourth Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Fifth Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of August 15, 1998; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Guaranteed Water Revenue Bonds, Series of 2004 (the "**2004 Bonds**"), in the aggregate principal amount of \$66,090,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Trust Indenture and the Third Supplemental Indenture and as further supplemented by the Fourth Supplemental Trust Indenture, dated as of August 15, 2004 (the "**Fourth Supplemental Indenture**"), for the purpose, *inter alia*, of providing funds for and toward refunding of the 1994 Bonds, all of which 2004 Bonds have been redeemed; and

WHEREAS, in connection with issuance of the 2004 Bonds, the Authority, as lessor, and the City, as lessee, heretofore entered into the Sixth Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease and the Fifth Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Sixth Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of August 15, 2004; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Guaranteed Water Revenue Bonds, Series of 2010 (the "**2010 Bonds**"), in the aggregate principal amount of \$11,000,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, and as further supplemented by the Fifth Supplemental Trust Indenture, dated as of March 1, 2010 (the "**Fifth Supplemental Indenture**"), for the purpose, *inter alia*, of providing funds for and toward the refunding of the 1998 Current Interest Bonds, all of which 2010 Bonds have been redeemed; and

WHEREAS, in connection with issuance of the 2010 Bonds, the Authority, as lessor, and the City, as lessee, heretofore entered into the Seventh Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease and the Sixth Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Seventh Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of March 1, 2010; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Guaranteed Water Revenue Bonds, Series of 2014 (the “**2014 Bonds**”), in the aggregate principal amount of \$67,785,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and as further supplemented by the Sixth Supplemental Indenture, dated as of September 1, 2014 (the “**Sixth Supplemental Indenture**”, and together with the Original Indenture, First Supplemental Indenture, Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, collectively, the “**Existing Indenture**”), for the purpose, *inter alia*, of providing funds for and toward the refunding of the 1997 Water Revenue Note, the 2004 Bonds and the 2010 Bonds, respectively, a portion of which 2014 Bonds remains outstanding; and

WHEREAS, in connection with issuance of the 2014 Bonds, the Authority, as lessor, and the City, as lessee, heretofore entered into an Eighth Supplemental Lease, to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease and the Seventh Supplemental Lease, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Eighth Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of September 1, 2014; and

WHEREAS, the Authority and the City, in accordance with the power and the authority reserved to the Authority in the 2014 Bonds, desire to undertake to refund all of the 2014 Bonds, by payment of principal of and interest on the 2014 Bonds, upon redemption on November 15, 2022, at a redemption price of 100% of the principal amount thereof (the “**Refunded Bonds**”), for the purpose of reducing total debt service over the life of the series, as permitted by and in accordance with Section 8241(b)(1) of the Debt Act, which undertaking herein is referred to as the “**2014 Refunding Project**”; and

WHEREAS, the Authority and the City desire to undertake, as a project, the financing of the “Cost of Construction” related to the acquisition and construction of certain Capital Additions to the Water System including: certain alterations, additions, improvements and upgrades to the Water System and related facilities, and other such capital improvements as may be deemed necessary, which undertaking is herein referred to as the “**2022 Capital Project**”; and

WHEREAS, the 2014 Refunding Project and the 2022 Capital Project are referred to collectively herein as the “**2022 Project**”; and

WHEREAS, the Authority has estimated that the total costs of the 2022 Project, including related costs and expenses, will be at least \$_____; and

WHEREAS, the Authority, in order to fund the costs and expenses with respect to the 2022 Project, has determined to issue and sell one or more series or subseries of its water revenue bonds, in the aggregate principal amount of \$_____, to be designated as “Guaranteed Water Revenue Bonds, Series of 2022” or such other designation as may be appropriate, and dated as of August __, 2022 (the “**Series of 2022 Bonds**”), under and pursuant to the Existing Indenture, as further amended and supplemental by the Seventh Supplemental Trust Indenture, dated as of August 1, 2022 (the “**Seventh Supplemental Indenture**”), between the Authority and the Trustee; and

WHEREAS, the City, by ordinance duly enacted and by a Guaranty Agreement, dated as of August 1, 2022, duly executed by the City and delivered to the Trustee, *inter alia*, has covenanted with holders of the Series of 2022 Bonds at any time issued and outstanding under the Indenture that if the Authority or the Trustee, as paying agent of the Authority, shall fail to pay the full amount of the principal of and interest on all of the outstanding Series of 2022 Bonds when the same become due and payable, at the times and place, under the terms and conditions and in the manner prescribed therein and in the Indenture, the City will pay the full amount of such principal and interest to the holders of Series of 2022 Bonds; and

WHEREAS, the Original Indenture provides, *inter alia*, that, prior to authentication and delivery by the Trustee of Additional Bonds for such purpose, the Authority shall deliver to the Trustee a supplement to the Original Lease, duly executed and delivered by the Authority and the City, together with an assignment thereof to the Trustee, which supplemental lease shall comply with certain requirements set forth in the Original Indenture; and

WHEREAS, the City has agreed in the Existing Lease to fix, charge, impose and collect during the entire term of said Existing Lease from the users of the Water System rents and charges which will be sufficient, together with other available funds (including Tapping Fees which are to be collected by it as agent of the Authority), to provide funds for the payment in each year of (i) the estimated expenses of operating, maintaining and repairing the Water System and the making of all ordinary improvements, additions and extensions which may be necessary or proper to provide or maintain adequate service, the cost of which are not otherwise provided for and the payment of all applicable taxes, (ii) annual or other periodic service fees for supply of water services payable under agreements with other municipalities or municipal authorities or otherwise, (iii) the rentals payable under the Original Lease and under any and all supplemental or additional water leases, and (iv) the Administration Expenses of the Authority.

NOW, THEREFORE, the Authority, as lessor, and the City, as lessee, in consideration of the mutual covenants hereinafter contained, each intending to be legally bound hereby, covenant and agree as follows:

ARTICLE I - DEFINITIONS

Section 1.01. All capitalized terms and phrases used herein shall have the meanings specified in the Existing Lease or, where applicable, as specified in the Preamble hereof and in this Article.

The following terms shall have the following meanings, unless the context clearly otherwise requires:

“**Indenture**” shall mean, collectively, the Existing Indenture, as supplemented and amended by the Seventh Supplemental Indenture and all further amendments and supplements made thereto, unless the context clearly requires otherwise.

“**Lease**” shall mean, collectively, the Existing Lease, this Ninth Supplemental Lease and all further amendments and supplements made thereto, unless the context clearly requires otherwise.

Section 1.01 of the Original Lease, as amended and supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease, the Seventh Supplemental Lease and the Eighth Supplemental Lease, shall be deemed to be further amended and supplemented hereby, but only to the extent necessary to give effect to the provisions of this Section 1.01.

ARTICLE II - USE OF PROCEEDS OF SERIES OF 2022 BONDS

Section 2.01. The Authority agrees, out of the proceeds to be received by it from the Series of 2022 Bonds, together with such other moneys as may be made available to it for the purpose, to:

- (i) fund the 2014 Refunding Project;
- (ii) fund the 2022 Capital Project; and
- (iii) pay all expenses incurred by the Authority in connection with the issuance of the Series of 2022 Bonds.

ARTICLE III - CONCERNING ADDITIONAL RENTALS

Section 3.01. The Authority and the City acknowledge that the Series of 2022 Bonds bear interest and that the Series of 2022 Bonds mature in amounts which are payable on or before the dates and in the amounts set forth in Exhibit A attached hereto and hereby made a part hereof.

Section 3.02. In Section 3.04 of the Original Lease, it is agreed that the “Debt Service Requirement on all Bonds Outstanding” includes such Requirement with respect to the Series of 2022 Bonds.

Section 3.03. Section 3.04 of the Original Lease, as heretofore amended and supplemented, hereby is amended and supplemented to read, as follows:

A. Clause (1)(a) hereby is amended to read in its entirety, as follows:

“(1) The City shall pay to the Authority, as fixed rental for the use of the Water System, in immediately available funds, the following sums on the dates indicated:

(a) On or before the opening of business five (5) Business Days prior to each May 15 and November 15, commencing November 15, 2022, an amount, which together with other money available in the Revenue Fund, will equal 105% of the Debt Service Requirement on all Bonds Outstanding which will become due on the next succeeding interest payment date not otherwise provided for, providing that amounts required for sinking fund redemption shall be paid no later than October 5, and provided, further, that the average annual rental paid under this clause (1)(a) will at least equal 100% of the Average Annual Debt Service Requirement on all Bonds then Outstanding and not otherwise provided for.”

The schedule setting forth 105% of the Debt Service Requirement with respect to the Series of 2022 Bonds is set forth in Exhibit A hereto.

Except as amended hereby, the additional rentals provided for above shall not affect in any manner the amount or time of payment of rentals payable under the Existing Lease, which rentals shall continue to be payable in the manner and at the times provided therein.

Section 3.04 of the Original Lease, as amended and supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease and the Seventh Supplemental Lease, shall be deemed to be further amended and supplemented hereby, but only to the extent necessary to give effect to the provisions of this Section 3.03.

ARTICLE IV – TERM OF CONTRACT AND LEASE

Section 4.01. The parties hereto agree that the Lease shall be for a term ending November 15, 2042, which term may be changed by an amendment hereto, as provided in the Lease. Notwithstanding the foregoing sentence or any other provision of the Lease, including this Ninth Supplemental Lease, the term of the Lease shall continue until all payments due on the Series of 2022 Bonds shall have been paid to the holders thereof. Section 6.01 of the Original Lease, as previously amended is hereby amended to give effect to this Section 4.01.

ARTICLE V - MISCELLANEOUS

Section 5.01. This Ninth Supplemental Lease is executed and shall be considered as supplemental to and amendatory of the Original Lease, as heretofore supplemented and amended, and shall form a part thereof, and the Original Lease as so supplemented and amended is hereby ratified and confirmed.

Section 5.02. Use of Article and Section numbers of this Ninth Supplemental Lease is for convenience only and such Article and Section numbers do not bear any direct relationship to Article and Section numbers in the Existing Lease.

Section 5.03. This Ninth Supplemental Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute one and the same instrument.

[THE NEXT PAGE IS THE SIGNATURE PAGE.]

IN WITNESS WHEREOF, BETHLEHEM AUTHORITY and CITY OF BETHLEHEM,
Lehigh and Northampton Counties, Pennsylvania have caused this Ninth Supplemental Contract and Lease
to be duly executed.

ATTEST:

BETHLEHEM AUTHORITY

(Assistant) Secretary

(SEAL)

By: _____
(Vice) Chairman

ATTEST:

**CITY OF BETHLEHEM,
Lehigh and Northampton Counties,
Pennsylvania**

City Clerk

(SEAL)

By: _____
Mayor

By: _____
City Controller

EXHIBIT A

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that **BETHLEHEM AUTHORITY** (the “**Authority**”) does hereby sell, assign, transfer and set over to The Bank of New York Mellon, a bank and trust company organized and existing under the laws of the State of New York and having its principal corporate trust office in Woodland Park, New Jersey, as Trustee under the Trust Indenture, dated as of January 1, 1992 (the “**Original Indenture**”), of the Authority, as supplemented by a First Supplemental Trust Indenture, dated as of December 1, 1992 (the “**First Supplemental Indenture**”), a Second Supplemental Trust Indenture, dated as of February 1, 1994 (the “**Second Supplemental Indenture**”), a Third Supplemental Trust Indenture, dated for convenience as of August 15, 1998 (the “**Third Supplemental Indenture**”), a Fourth Supplemental Trust Indenture, dated as of August 15, 2004 (the “**Fourth Supplemental Indenture**”), a Fifth Supplemental Trust Indenture, dated as of March 1, 2010 (the “**Fifth Supplemental Indenture**”), a Sixth Supplemental Trust Indenture, dated as of September 1, 2014 (the “**Sixth Supplemental Indenture**”), and as further amended and supplemented by a Seventh Supplemental Trust Indenture, dated as of August 1, 2022 (the “**Seventh Supplemental Indenture**” and, together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture, collectively, the “**Indenture**”), all the rights, title and interest of the Authority in and to an Ninth Supplemental Contract and Lease, dated as of August 1, 2022, amending and supplementing the Contract and Lease, dated January 1, 1992, by and between the Authority, as lessor, and the City of Bethlehem, as lessee, as previously supplemented by a First Supplemental Contract and Lease, dated December 1, 1992, a Second Supplemental Contract and Lease, dated February 1, 1994, a Third Supplemental Contract and Lease, dated July 1, 1997, a Fourth Supplemental Contract and Lease, dated for convenience as of March 15, 1998, but effective as provided therein, a Fifth Supplemental Contract and Lease, dated for convenience as of August 15, 1998, but effective as provided therein, a Sixth Supplemental Contract and Lease, dated as of August 15, 2004, a Seventh Supplemental Contract and Lease, dated for convenience as of March 1, 2010, but effective as provided therein, and an Eighth Supplemental Contract and Lease, dated as of September 1, 2014, and all revenues, rentals and receipts payable or which may become payable to the Authority under said Ninth Supplemental Contract and Lease to be held in trust and applied by said Trustee as provided in the Indenture, and the Authority does hereby constitute and appoint The Bank of New York Mellon, Trustee as aforesaid, its true and lawful attorney for it and in its name to collect and receive payment of any and all said revenues, rentals and receipts and to give good sufficient receipt therefor, hereby ratifying the confirming all that said attorney may do in the premises. Said Trustee may, but except as otherwise provided in said Indenture shall not be required to, institute any proceedings or take any action in its name or in the name of the Authority to enforce payment or collection of any or all such revenues, rentals and receipts.

IN WITNESS WHEREOF, the Authority has caused this assignment to be duly executed in its name by its Chairman or Vice Chairman, and its corporate seal to be hereunto affixed, attested by its Secretary or Assistant Secretary, as of August 1, 2022.

ATTEST:

BETHLEHEM AUTHORITY

(Assistant) Secretary

By: _____
(Vice) Chairman

(SEAL)

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF NORTHAMPTON)

On this, the ____ day of August, 2022, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be Chairman of BETHLEHEM AUTHORITY, and that he, as such officer, being authorized to do so, executed the foregoing Seventh Supplemental Contract and Lease and Assignment, respectively, for purposes therein contained, by signing the name of such Authority by himself as such officer.

IN WITNESS WHEREOF, I set my hand and official seal.

(SEAL)

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF NORTHAMPTON)

On this, the ____ day of August, 2022, before me, the undersigned officer, personally appeared _____ and _____, who acknowledged themselves to be Mayor and Controller, respectively, of the CITY OF BETHLEHEM, Lehigh and Northampton Counties, Pennsylvania, and that they, as such officers, being authorized to do so, executed the foregoing Seventh Supplemental Contract and Lease for purposes therein contained, by signing the name of such City by themselves, as such officers.

IN WITNESS WHEREOF, I set my hand and official seal.

(SEAL)

EXHIBIT B

GUARANTY AGREEMENT

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of August 1, 2022, made and executed by City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the “**City**”), a Pennsylvania municipality, and delivered to The Bank of New York Mellon, Pittsburgh, Pennsylvania, as successor in interest to First Valley Bank, as trustee (the “**Trustee**”).

W I T N E S S E T H:

WHEREAS, the City is a Local Government Unit, as defined in the Local Government Unit Debt Act, 53 Pa. C.S. § 8001 *et seq.*, as amended and supplemented (the “**Debt Act**”), of the Commonwealth of Pennsylvania (the “**Commonwealth**”); 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 in 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 issued a series of water revenue bonds designated as its Water Revenue Bonds, Series of 1992 (the “**1992 Bonds**”), in the aggregate principal amount of \$41,905,000, under the provisions of the Trust Indenture, dated as of January 1, 1992 (the “**Original Indenture**”), between the Authority and the Trustee, for the purposes, *inter alia*, of providing funds for and toward payment of “Cost of Construction”, as such term is defined in the Original Indenture, of Phase I of the Water Supply Project, as described in the Original Indenture, and to refund certain water revenue bonds outstanding under a prior indenture, all of which 1992 Bonds have been redeemed; and

WHEREAS, the Authority heretofore issued a series of bond anticipation notes designated as its Bond Anticipation Notes, Series 1992 (the “**1992 Notes**”), in the aggregate principal amount of \$19,000,000, under the provisions of the Original Indenture, for the purposes, *inter alia*, of providing funds for and toward payment of “Cost of Construction”, as such term is defined in the Original Indenture, of said Phase I of the Water Supply Project, all of which 1992 Notes have been redeemed; and

WHEREAS, the Authority, as lessor, heretofore entered into a Contract and Lease, dated as of January 1, 1992 (the “**Original Lease**”), with the City, as lessee, whereunder the Authority leased the “Water System”, as such term is defined and described in the Original Lease and referred to herein, to the City, and whereunder the City agreed, *inter alia*, to operate and maintain the Water System and initially to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority, under the Original Indenture, has sold, assigned and transferred to and pledged with the Trustee all right, title and interest of the Authority in and to all Revenues from the Water System, as such phrase is defined in the Original Indenture, which includes, *inter alia*, all rentals and other amounts payable by the City to the Authority under the Original Lease and all supplements and amendments thereto as security for water revenue bonds issued and outstanding under the Original Indenture; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as Water Revenue Bonds, Series A of 1992 (the “**1992A Bonds**”), in the aggregate principal

amount of \$32,650,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Trust Indenture, dated as of December 1, 1992 (the “**First Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward redemption of the 1992 Notes and payment of “Cost of Construction”, as such term is defined in the Original Indenture, of Phase II of the Water Supply Project, as described in the Original Indenture and the First Supplemental Indenture, all of which 1992A Bonds have been redeemed; and

WHEREAS, the Authority, in connection with issuance of the 1992A Bonds, heretofore entered into a First Supplemental Contract and Lease, dated as of December 1, 1992 (the “**First Supplemental Lease**”), to the Original Lease with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain additional minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the First Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of December 1, 1992; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Water Revenue Refunding Bonds, Series of 1994 (the “**1994 Bonds**”), in the aggregate principal amount of \$82,870,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture and as further supplemented by the Second Supplemental Trust Indenture, dated as of February 1, 1994 (the “**Second Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward refunding of the 1992 Bonds and the 1992A Bonds, all of which 1994 Bonds have been redeemed; and

WHEREAS, the Authority, in connection with issuance of the 1994 Bonds, heretofore entered into a Second Supplemental Contract and Lease, dated as of February 1, 1994 (the “**Second Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Second Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of February 1, 1994; and

WHEREAS, the Authority heretofore issued its Guaranteed Water Revenue Note, Series A of 1997, in the principal amount \$40,000,000 (the “**1997 Water Revenue Note**”), to Emmaus General Authority, pursuant to the terms of an Agreement, dated as of August 1, 1997, between the Authority and the Emmaus General Authority, for the purpose, *inter alia*, of providing funds for and toward an Improvement Project (the “**Improvement Project**”), consisting of the acquisition and construction of a new concrete gravity dam, intake tower, transmission main improvements, access road improvements, reservoir perimeter clearing and other associated work and related facilities, which 1997 Water Revenue Note has been paid in full; and

WHEREAS, the Authority, in connection with issuance of the 1997 Water Revenue Note, heretofore entered into a Third Supplemental Contract and Lease, dated as of July 1, 1997 (the “**Third Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease and the Second Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has pledged all additional rentals payable under the Third Supplemental Lease as security for the 1997 Water Revenue Note, which pledge was junior and subordinate to the lien of the Indenture, hereinafter described; and

WHEREAS, the Authority heretofore issued its Guaranteed Water Revenue Note of 1998, in the principal amount not to exceed \$20,000,000 (the “**1998 Water Revenue Note**”), pursuant to a Loan Agreement, dated as of March 18, 1998, by and between Pennsylvania Infrastructure Investment Authority (herein “**Pennvest**”), as lender, and the Authority, as borrower, for the purpose, *inter alia*, of providing funds for and toward the Improvement Project, which 1998 Water Revenue Note has been paid in full; and

WHEREAS, the Authority, in connection with issuance of the 1998 Water Revenue Note, heretofore entered into a Fourth Supplemental Contract and Lease, dated as of March 15, 1998 (the “**Fourth Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease and the Third Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has pledged all additional rentals payable under the Fourth Supplemental Lease as security for the 1998 Water Revenue Note, which pledge was junior and subordinate to the lien of the Indenture, hereinafter described; and

WHEREAS, the Authority 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 “**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**”), all of which 1998 Current Interest Bonds have been redeemed, and (b) capital appreciation bonds, with an initial aggregate stated value of \$13,512,165.35 (the “**1998 Capital Appreciation Bonds**”), a portion of which 1998 Capital Appreciation Bonds presently remain outstanding, which 1998 Bonds are issued under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and as further supplemented by the Third Supplemental Trust Indenture, dated as of August 15, 1998 (the “**Third Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward refunding \$20,000,000, principal amount, of the 1997 Water Revenue Note and providing additional funds for and toward completion of the Improvement Project; and

WHEREAS, the Authority, in connection with issuance of the 1998 Bonds, heretofore entered into a Fifth Supplemental Contract and Lease, dated as of August 15, 1998 (the “**Fifth Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease and the Fourth Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Fifth Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of August 15, 1998; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Guaranteed Water Revenue Bonds, Series of 2004 (the “**2004 Bonds**”), in the aggregate principal amount of \$66,090,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Trust Indenture and the Third Supplemental Indenture and as further supplemented by the Fourth Supplemental Trust Indenture, dated as of August 15, 2004 (the “**Fourth Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward refunding of the 1994 Bonds, all of which Series of 2004 Bonds have been redeemed; and

WHEREAS, the Authority, in connection with issuance of the 2004 Bonds, heretofore entered into a Sixth Supplemental Contract and Lease, dated as of August 15, 2004 (the “**Sixth Supplemental**”

Lease”), to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease and the Fifth Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Sixth Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of August 15, 2004; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Guaranteed Water Revenue Bonds, Series of 2010 (the “**2010 Bonds**”), in the aggregate principal amount of \$11,000,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and as further supplemented by the Fifth Supplemental Trust Indenture, dated as of March 1, 2010 (the “**Fifth Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward refunding of the 1998 Current Interest Bonds, all of which Series of 2010 Bonds have been redeemed; and

WHEREAS, the Authority, in connection with issuance of the 2010 Bonds, heretofore entered into a Seventh Supplemental Contract and Lease, dated as of March 1, 2010 (the “**Seventh Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease and the Sixth Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Seventh Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of March 1, 2010; and

WHEREAS, the Authority heretofore issued an additional series of water revenue bonds designated as its Guaranteed Water Revenue Bonds, Series of 2014 (the “**Series of 2014 Bonds**”), in the aggregate principal amount of \$67,785,000, under the provisions of the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental and as further supplemented by the Sixth Supplemental Trust Indenture, dated as of September 1, 2014 (the “**Sixth Supplemental Indenture**”), for the purpose, *inter alia*, of providing funds for and toward refunding of the 1997 Water Revenue Note, the Series of 2004 Bonds and the Series of 2010 Bonds and financing the acquisition and construction of certain Capital Additions to the Water System, a portion of which Series of 2014 Bonds remain outstanding (the “**Outstanding Series of 2014 Bonds**”); and

WHEREAS, the Authority, in connection with issuance of the Series of 2014 Bonds, heretofore entered into an Eighth Supplemental Contract and Lease, dated as of September 1, 2014 (the “**Eighth Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease and the Seventh Supplemental Lease, with the City, as lessee, whereunder the City agreed, *inter alia*, to operate and maintain the Water System and to pay certain minimum net rentals to the Authority or its assigns; and

WHEREAS, the Authority has assigned the Eighth Supplemental Lease and all additional rentals payable thereunder to the Trustee, by an Assignment, dated as of September 1, 2014; and

WHEREAS, the Authority and the City, in accordance with power and authority reserved to it in the Outstanding Series of 2014 Bonds, desire to provide for the retirement of \$67,785,000, aggregate

principal amount of the Outstanding Series of 2014 Bonds, being all of the Outstanding Series of 2014 Bonds, by payment of principal of and interest on the Outstanding Series of 2014 Bonds, upon redemption on November 15, 2022, at a redemption price of 100% of the principal amount thereof, all of which foregoing undertaking herein is referred to as the “**2014 Refunding Project**”; and

WHEREAS, the Authority and the City desire to undertake as a project the financing of the “Cost of Construction” related to the acquisition and construction of certain Capital Additions to the Water System including: certain alterations, additions, improvements and upgrades to the Water System and related facilities, and other such capital improvements as may be deemed necessary, which undertaking is herein referred to as the “**2022 Capital Project**”; and

WHEREAS, the 2014 Refunding Project and the 2022 Capital Project are referred to collectively herein as the “**2022 Project**”; and

WHEREAS, the Authority has determined to finance the costs of the 2022 Project and costs and expenses related thereto, including costs and expenses of financing, to the extent required, by issue and sale of one or more series or subseries of Guaranteed Water Revenue Bonds, Series of 2022 or such other designation as may be appropriate, in the principal amount of \$_____ (the “**Series of 2022 Bonds**”); and

WHEREAS, the Series of 2022 Bonds will be issued as a series of Water Revenue Bonds under and pursuant to the Existing Indenture, as supplemented by a Seventh Supplemental Trust Indenture, dated as of August 1, 2022 (the “**Seventh Supplemental Indenture**”, and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture, collectively, the “**Indenture**”), between the Authority and the Trustee; and

WHEREAS, the Authority, as lessor, and the City, as lessee, concurrently with the execution and delivery hereof, will enter into a Ninth Supplemental Contract and Lease, dated as of August 1, 2022 (the “**Ninth Supplemental Lease**”), to the Original Lease, as previously supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease, the Seventh Supplemental Lease and the Eighth Supplemental Lease; and

[WHEREAS, the scheduled principal and interest on the Series of 2022 Bonds is insured by a municipal bond insurance policy (the “**Policy**”), issued by _____ (the “**Bond Insurer**”); and]

WHEREAS, the Council of the City has determined that the 2022 Project is in the best interest of the City and its residents and desires to approve the 2022 Project; and

WHEREAS, the City has authorized the Authority to issue the Series of 2022 Bonds and to proceed with the 2022 Project and, in order to assist therewith, has indicated its willingness to guarantee the full payment of the principal of and interest on the Series of 2022 Bonds, pursuant to power and authority set forth in the Debt Act.

NOW, THEREFORE, The City, intending to be legally bound, covenants and agrees, as follows:

Section 1. The City hereby irrevocably and unconditionally guarantees, without any right of defense, the full and timely payment of the principal of and interest on the Series of 2022 Bonds and in furtherance thereof covenants and agrees with the holders from time to time of the Series of 2022 Bonds[and the Bond Insurer], that if the Authority or the Trustee, shall fail to pay the full amount of the principal

of and interest on the Series of 2022 Bonds when the same becomes due and payable, at the times and places, under the terms and conditions, and in the manner prescribed in the Series of 2022 Bonds and in the Indenture, the City will pay the full amount of such principal and interest to the holders of such Series of 2022 Bonds when due.

The City covenants and agrees with holders, from time to time, of the Series of 2022 Bonds, that the City shall include the amount of debt service on the Series of 2022 Bonds, including interest thereon, for each fiscal year (which term shall mean the fiscal year of the City, from time to time designated by law) in which such sums are payable in its budget for that fiscal year, that the City in the event the Authority or the paying agent of the Authority shall fail to pay the full amount of the principal of and interest on the Series of 2022 Bonds when due and payable, at the times and places, under terms and conditions and in the manner prescribed in the Series of 2022 Bonds and in the Indenture, shall appropriate and duly and punctually pay or cause to be paid the full amount of such principal and interest on the dates and at the places and in the manner stated in the Series of 2022 Bonds and the Indenture. For such budgeting, appropriation and payment the City hereby does pledge its full faith, credit and taxing power and hereby does agree that this covenant shall be specifically enforceable.

The City agrees that the maximum debt service in each fiscal year with respect to the Series of 2022 Bonds, to which the foregoing guarantee shall apply is set forth in Schedule A attached hereto and hereby incorporated herein as if set forth in full in this Section 1. The City further agrees that amounts payable hereunder in respect of the Series of 2022 Bonds shall be paid at least three (3) business days prior to the date amounts are due on the Series of 2022 Bonds.

This is a guaranty of payment and not of collection. The City hereof irrevocably waives its right to assert any defense to payment that may otherwise be available to a guarantor and agrees that its obligations hereunder shall not be impaired by any act or omission relating to the Series of 2022 Bonds or the Authority, or otherwise.

Section 2. This Guaranty Agreement may not be assigned by the City nor may its obligations arising hereunder be in any manner whatsoever alienated by the City and any assignment shall be void. This Guaranty Agreement shall inure to the benefit of holders from time to time of the Series of 2022 Bonds[and the Bond Insurer]. The City acknowledges that such holders of the Series of 2022 Bonds[and the Bond Insurer] shall materially rely on the existence of this Guaranty Agreement and the City's due performance of its obligations hereunder.

[Section 3. No modification, amendment or supplement to this Guaranty Agreement may become effective except upon obtaining the prior written consent of the Bond Insurer.]

Section 4. This Guaranty Agreement is entered into by the City for the benefit of any holder, from time to time, of the Series of 2022 Bonds[and the Bond Insurer], all of whom shall be entitled to enforce performance and observance hereof by the City to the same extent as if they were parties signatory hereto, in accordance with the laws of the Commonwealth. The City acknowledges that it shall not be a beneficiary of the Policy and any amounts paid pursuant to a draw thereon shall remain outstanding for purposes of this Guaranty Agreement.

[Section 5. The City shall prepare and file with the Bond Insurer such certifications, information, data or reports as the Bond Insurer shall reasonably request from time to time.]

Section 6. This Guaranty Agreement shall be effective upon execution and delivery hereof to the Trustee and shall not terminate until the Series of 2022 Bonds are no longer outstanding under the Indenture[and all amounts due and owing the Bond Insurer have been paid in full].

IN WITNESS WHEREOF, the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania, intending to be legally bound, has caused this Guaranty Agreement to be executed in its behalf by its duly authorized officers and to be attested by its duly authorized officer and its official seal to be affixed hereto and delivered to the Trustee, all as of the day and year set forth above.

ATTEST:

CITY OF BETHLEHEM,
Lehigh and Northampton Counties,
Pennsylvania

City Clerk

By: _____
Mayor

(SEAL)

By: _____
Controller

ACCEPTANCE AND ACKNOWLEDGMENT

The Bank of New York Mellon, Pittsburgh, Pennsylvania, as trustee (the “Trustee”), hereby accepts the foregoing Guaranty Agreement and acknowledges receipt of an executed counterpart thereof.

THE BANK OF NEW YORK MELLON

By: _____
Authorized Officer

Dated: August ___, 2022

SCHEDULE A

\$ _____

**BETHLEHEM AUTHORITY
LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA**

MAXIMUM ANNUAL GUARANTY OBLIGATIONS

EXHIBIT C

MAXIMUM ANNUAL OBLIGATION

BETHLEHEM AUTHORITY

Series of 2022

(New Money and Refunding)

MAXIMUM PARAMETERS SCHEDULE

	1	2	3	5	6	7
<u>Date</u>	<u>Max Principal</u>	<u>Max Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>	
11/15/2022	100,000	5.500	672,222.22	772,222.22	772,222.22	
5/15/2023			1,372,250.00	1,372,250.00		
11/15/2023	100,000	5.500	1,372,250.00	1,472,250.00	2,844,500.00	
5/15/2024			1,369,500.00	1,369,500.00		
11/15/2024	100,000	5.500	1,369,500.00	1,469,500.00	2,839,000.00	
5/15/2025			1,366,750.00	1,366,750.00		
11/15/2025	100,000	5.500	1,366,750.00	1,466,750.00	2,833,500.00	
5/15/2026			1,364,000.00	1,364,000.00		
11/15/2026	100,000	5.500	1,364,000.00	1,464,000.00	2,828,000.00	
5/15/2027			1,361,250.00	1,361,250.00		
11/15/2027	100,000	5.500	1,361,250.00	1,461,250.00	2,822,500.00	
5/15/2028			1,358,500.00	1,358,500.00		
11/15/2028	1,760,000	5.500	1,358,500.00	3,118,500.00	4,477,000.00	
5/15/2029			1,310,100.00	1,310,100.00		
11/15/2029	8,000,000	5.500	1,310,100.00	9,310,100.00	10,620,200.00	
5/15/2030			1,090,100.00	1,090,100.00		
11/15/2030	8,100,000	5.500	1,090,100.00	9,190,100.00	10,280,200.00	
5/15/2031			867,350.00	867,350.00		
11/15/2031	7,785,000	5.500	867,350.00	8,652,350.00	9,519,700.00	
5/15/2032			653,262.50	653,262.50		
11/15/2032	8,000,000	5.500	653,262.50	8,653,262.50	9,306,525.00	
5/15/2033			433,262.50	433,262.50		
11/15/2033	1,850,000	5.500	433,262.50	2,283,262.50	2,716,525.00	
5/15/2034			382,387.50	382,387.50		
11/15/2034	1,900,000	5.500	382,387.50	2,282,387.50	2,664,775.00	
5/15/2035			330,137.50	330,137.50		
11/15/2035	1,950,000	5.500	330,137.50	2,280,137.50	2,610,275.00	
5/15/2036			276,512.50	276,512.50		
11/15/2036	2,000,000	5.500	276,512.50	2,276,512.50	2,553,025.00	
5/15/2037			221,512.50	221,512.50		
11/15/2037	2,055,000	5.500	221,512.50	2,276,512.50	2,498,025.00	
5/15/2038			165,000.00	165,000.00		
11/15/2038	1,170,000	5.500	165,000.00	1,335,000.00	1,500,000.00	
5/15/2039			132,825.00	132,825.00		
11/15/2039	1,185,000	5.500	132,825.00	1,317,825.00	1,450,650.00	
5/15/2040			100,237.50	100,237.50		
11/15/2040	1,210,000	5.500	100,237.50	1,310,237.50	1,410,475.00	
5/15/2041			66,962.50	66,962.50		
11/15/2041	1,215,000	5.500	66,962.50	1,281,962.50	1,348,925.00	
5/15/2042			33,550.00	33,550.00		
11/15/2042	1,220,000	5.500	33,550.00	1,253,550.00	1,287,100.00	
TOTALS	50,000,000		29,183,122.22	79,183,122.22	79,183,122.22	

CITY OF BETHLEHEM
SUMMARY OF OUTSTANDING INDEBTEDNESS

Debt Service Requirements

1 Fiscal Year Ending	GENERAL OBLIGATION															GUARANTEED			TOTAL
																MAX PARAMETERS			
	2 G.O. Notes Series of 2007 2013 (Taxable)	3 G.O. Bonds Series B of 2007 2013 (Taxable)	4 G.O. Notes Series A of 2014	5 G.O. Bonds Series A of 2015	6 G.O. Bonds Series B of 2015	7 G.O. Bonds Series A of 2017	8 G.O. Bonds Series B of 2017	9 G.O. Bonds Series C of 2017	10 G.O. Bonds Series E of 2017	11 G.O. Note Series of 2018	12 G.O. Bonds Series of 2019	13 G.O. Bonds Series A of 2019	14 G.O. Bonds Series AA of 2019	15 G.O. Bonds Series of 2020	16 Guaranteed Sewer Rev Debt Service	17 Guaranteed Water Rev Debt Service	18 Guaranteed Parking Rev Debt Service	19 Total Debt Service	
12/31/2022	428,018	882,232	349,900	176,131	375,550	506,740	478,339	370,321	2,580,200	125,475	440,846	4,707,085	834,219	603,150	625,464	8,582,497	893,138	22,959,305	
12/31/2023		883,527	647,588	175,300	377,675	506,740	475,939	371,721	2,570,200	123,025	441,396	4,412,522	834,419	601,150	625,464	10,074,500	830,755	23,951,919	
12/31/2024		882,128	107,625	964,469	374,125	506,359	478,139	372,721	2,325,700	125,575	441,646	4,409,802	838,619	603,025	625,464	10,089,000	834,475	23,978,871	
12/31/2025		881,377		1,073,844		510,059	474,739	373,321	2,708,200	127,950	439,946	4,412,494	835,119	603,650	625,464	10,108,500	831,825	24,006,488	
12/31/2026		879,001		1,328,775		508,459	475,939	368,521	2,461,700	125,150	438,146	4,410,782	827,719	601,000	625,464	10,128,000	831,031	24,009,687	
12/31/2027				1,334,813		507,271	476,039	371,646	3,334,838	127,350	440,556	4,413,977	833,619	601,225	625,464	10,142,500	831,256	24,040,554	
12/31/2028				711,563			1,545,371	474,939	368,846	1,153,125	124,375	442,569	5,307,116	834,119	601,250	625,464	10,527,000	830,681	23,546,417
12/31/2029							2,192,121	478,539	370,896		126,400	438,900	5,865,869	833,394	600,450	625,464	10,620,200	834,281	22,986,514
12/31/2030							2,056,361	476,294	372,371		123,250	439,650	5,751,669	827,350	604,400	625,464	10,280,200	831,906	22,388,915
12/31/2031							2,052,455	478,638	368,465		125,100	439,200	5,753,221	840,138	603,100	625,464	9,519,700	833,650	21,639,130
12/31/2032							1,600,375	475,198	369,185		126,775	442,500	5,237,022	837,250	601,600	625,464	9,306,525	833,050	20,454,943
12/31/2033								476,223	369,435		123,275	440,350	3,968,942	389,025	604,850	625,464	2,716,525	832,000	10,546,088
12/31/2034								475,870	368,740		124,775	442,900	3,967,079		196,950	625,464	2,664,775	830,500	9,697,052
12/31/2035									372,700		126,100					625,464	2,610,275	833,550	4,568,089
12/31/2036									370,556		127,250					364,854	2,553,025	831,000	4,246,685
12/31/2037									373,050		123,225						2,498,025	833,000	3,827,300
12/31/2038											124,200						1,500,000	834,400	2,458,600
12/31/2039																	1,450,650	830,200	2,280,850
12/31/2040																	1,410,475	830,550	2,241,025
12/31/2041																	1,348,925	830,300	2,179,225
12/31/2042																	1,287,100	834,450	2,121,550
12/31/2043																		832,850	832,850
12/31/2044																		830,650	830,650
12/31/2045																		832,850	832,850
12/31/2046																		834,300	834,300
12/31/2047																			
12/31/2048																			
12/31/2049																			
12/31/2050																			
Totals	428,018	4,408,266	1,105,113	5,764,894	1,127,350	12,492,311	6,194,831	5,932,498	17,133,963	2,129,250	5,728,606	62,617,578	9,564,988	7,425,800	9,121,349	129,418,397	20,866,648		301,459,858
Principal ⁽¹⁾	425,000	3,865,000	1,060,000	5,050,000	1,075,000	9,900,000	4,975,000	4,515,000	15,130,000	1,585,000	4,770,000	51,790,000	8,300,000	6,475,000	7,927,768	62,047,015	14,655,000		203,544,783

⁽¹⁾ Principal & Interest per the Operating & Capital Budgets Book
⁽¹⁴⁾ Outstanding as of March 30, 2022

CERTIFICATE

I, the undersigned City Clerk of the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the “*City*”), certify that: the foregoing is a true and correct copy of an Ordinance that duly was enacted by affirmative vote of a majority of all members of the Council of the City at a meeting duly held on the ____ day of April, 2022; said Ordinance duly has been recorded in the minute book of the Council of the City; a notice with respect to the intent to enact said Ordinance has been published as required by law; said Ordinance was available for public inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania and such notice; and said Ordinance has not been amended, altered, modified or repealed as of the date of this Certificate.

I further certify that the Council of the City met the advance notice requirements of the Sunshine Act, 65 Pa. C.S. § 701 *et seq.*, by advertising the place, date and time of said meeting in a newspaper of general circulation and by posting a notice of the place, date and time of said meeting at the principal office of the City or at the public building in which said meeting was held, and by giving notice to parties upon request as required under Section 709 of the Sunshine Act.

I further certify that: the total number of members of the Council of the City is seven (7); the vote of members of the Council of the City upon said Ordinance was called and duly was recorded upon the minutes of said meeting; and members of the Council of the City voted upon said Ordinance in the following manner:

Vote

IN WITNESS WHEREOF, I set my hand and affix the official seal of the City, this ____ day of April, 2022.

City Clerk

(SEAL)