

BETHLEHEM AUTHORITY
Lehigh and Northampton Counties, Pennsylvania

RESOLUTION NO. 472

A RESOLUTION BY THE BOARD OF BETHLEHEM AUTHORITY AUTHORIZING AND APPROVING A PROJECT CONSISTING OF THE REFUNDING OF ALL OR A PORTION OF CERTAIN OUTSTANDING OBLIGATIONS OF THE AUTHORITY (THE "REFUNDED BONDS") AND FUNDING CERTAIN CAPITAL PROJECTS OF THE AUTHORITY (THE "PROJECTS"); AUTHORIZING ISSUANCE OF ONE OR MORE SERIES OR SUBSERIES OF WATER REVENUE BONDS TO BE DESIGNATED AS "GUARANTEED WATER REVENUE BONDS, SERIES OF 2022" OR SUCH OTHER DESIGNATION AS MAY BE APPROPRIATE, OF THE AUTHORITY UNDER A TRUST INDENTURE, DATED AS OF JANUARY 1, 1992, AS PREVIOUSLY AMENDED AND SUPPLEMENTED AND AS FURTHER SUPPLEMENTED BY A SEVENTH SUPPLEMENTAL TRUST INDENTURE AND SPECIFYING THE SECURITY THEREFOR; AUTHORIZING THE ACCEPTANCE OF A PROPOSAL FOR THE PURCHASE OF SAID BONDS AND SETTING FORTH RELATED PROVISIONS; APPROVING SAID SEVENTH SUPPLEMENTAL TRUST INDENTURE AND SETTING FORTH THE FORM THEREOF; AUTHORIZING EXECUTION, ACKNOWLEDGMENT AND DELIVERY OF SAID SEVENTH SUPPLEMENTAL TRUST INDENTURE; APPOINTING THE BANK OF NEW YORK MELLON, SUCCESSOR IN INTEREST TO SUMMIT BANK AND FIRST VALLEY BANK, AS TRUSTEE UNDER SAID SEVENTH SUPPLEMENTAL TRUST INDENTURE AND AS REGISTRAR AND PAYING AGENT FOR SAID BONDS; AUTHORIZING AND APPROVING A NINTH SUPPLEMENTAL CONTRACT AND LEASE AMENDING AND SUPPLEMENTING A CONTRACT AND LEASE, DATED AS OF JANUARY 1, 1992, AS PREVIOUSLY AMENDED AND SUPPLEMENTED BETWEEN THE AUTHORITY, AS LESSOR, AND THE CITY OF BETHLEHEM, LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA, AS LESSEE, AND AN ASSIGNMENT OF SAID NINTH SUPPLEMENTAL CONTRACT AND LEASE AND OF ALL RENTALS PAYABLE THEREUNDER TO THE BANK OF NEW YORK MELLON, AS TRUSTEE; SETTING FORTH THE FORM OF SAID NINTH SUPPLEMENTAL CONTRACT AND LEASE AND SAID ASSIGNMENT; AUTHORIZING THE EXECUTION, ACKNOWLEDGEMENT AND DELIVERY OF SAID NINTH SUPPLEMENTAL CONTRACT AND LEASE AND OF SAID ASSIGNMENT; AUTHORIZING PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE APPROVAL AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT; AUTHORIZING EXECUTION AND ISSUANCE OF SAID BONDS AND AUTHORIZING DELIVERY THEREOF TO THE TRUSTEE FOR AUTHENTICATION; AUTHORIZING AND REQUESTING AUTHENTICATION AND DELIVERY OF SAID BONDS BY SAID TRUSTEE; PROVIDING FOR DISPOSITION OF PROCEEDS FROM THE SALE OF SAID BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS REQUIRED IN CONNECTION WITH ISSUANCE OF SAID BONDS AND UNDERTAKING THE PROJECTS; AUTHORIZING THE PURCHASE OF A POLICY

OF MUNICIPAL BOND INSURANCE, IF NECESSARY; ELECTING TO EXERCISE THE AUTHORITY'S OPTION TO REDEEM THE REFUNDED BONDS; AUTHORIZING ESTABLISHMENT OF A DATE FOR REDEMPTION OF THE REFUNDED BONDS AND DELIVERY OF INSTRUCTIONS TO THE TRUSTEE TO CALL THE REFUNDED BONDS FOR REDEMPTION; APPROVING THE REDEMPTION NOTICE; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, AS NECESSARY; AUTHORIZING THE DEPOSIT OF FUNDS WITH THE TRUSTEE, IN ITS CAPACITY AS PAYING AGENT FOR THE REFUNDED BONDS, TO EFFECT SAID REDEMPTION; PROVIDING FOR THE EFFECTIVE DATE OF THIS RESOLUTION; PROVIDING FOR SEVERABILITY OF PROVISIONS; AUTHORIZING ALL OTHER NECESSARY AND APPROPRIATE ACTION TO EFFECTUATE THE ISSUANCE OF THE BONDS; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, Bethlehem Authority (the "**Authority**") is a municipality authority existing under provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. § 5601 *et seq.*, as amended and supplemented (the "**Act**"), pursuant to an ordinance of the City Council of the City of Bethlehem, Lehigh and Northampton Counties, Pennsylvania (the "**City**"); and

WHEREAS, the Authority heretofore acquired and constructed a complete water supply and distribution system, including related and necessary facilities, for rendering water supply and distribution service in 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 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 Bank of New York Mellon, Pittsburgh, Pennsylvania (the "**Trustee**"), successor in interest to Summit Bank and First Valley Bank, as 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 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 the 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, all of which 1997 Water Revenue Note has been prepaid; 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, all of which 1998 Water Revenue Note is no longer outstanding; 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 a 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 Indenture, 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 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 "**Series of 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 current financial market conditions are such that there could be cost savings to the Authority if all or a portion of the Outstanding Series of 2014 Bonds (collectively, the “**Refunded Bonds**”) are currently refunded; and

WHEREAS, the Authority, in order to reduce its overall debt service obligations and in accordance with power and authority reserved to it in the Series of 2014 Bonds, desires to undertake to refund the Refunded Bonds, by payment of principal of and interest on the Refunded Bonds, upon maturity or by earlier redemption on a date certain, at a redemption price of 100% of the principal amount thereof, which undertaking herein is referred to as the “**2014 Refunding Project**”; and

WHEREAS, Article III of the Original Indenture provides, *inter alia*, that the Authority under certain conditions, may issue Additional Bonds thereunder and under indentures supplemental thereto for the purpose of refunding, by redemption or otherwise, all, or part, of the Bonds of any one or more series of Bonds Outstanding; 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, Article III of the Original Indenture provides, *inter alia*, that the Authority under certain conditions, may issue Additional Bonds thereunder and under indentures supplemental thereto for the purpose of paying for any Authorized Project, which includes 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, under current market conditions, with recent interest rates taken into consideration, the total amount of Series of 2022 Bonds (hereinafter defined) expected to be issued for the 2022 Project (exclusive of original issue discount which may result in an increase in sizing) is \$30,500,000; 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, by issuance and sale of one or more series or subseries of water revenue bonds to be designated as its “Guaranteed Water Revenue Bonds, Series of 2022” or such other designation as may be appropriate (the “**Series of 2022 Bonds**”), in the maximum aggregate principal amount not-to-exceed \$50,000,000, which Series of 2022 Bonds will be issued as a series of Additional Bonds, as defined in the Original Indenture, under the Original Indenture, as previously amended and supplemented and as further supplemented by a Seventh Supplemental Trust Indenture (the “**Seventh Supplemental Indenture**”); and

WHEREAS, the Series of 2022 Bonds will be secured by, among other things, the Revenues from the Water System, including all rentals and other amounts payable by the City to the Authority pursuant to the Original Lease, as previously amended and supplemented and as further amended and supplemented by a Ninth Supplemental Contract and Lease (the “**Ninth Supplemental Lease**”); and

WHEREAS, as additional security for the Series of 2022 Bonds, the City will guarantee the payment of principal of and interest on the Series of 2022 Bonds pursuant to a Guaranty Agreement (the "**Guaranty Agreement**"); and

WHEREAS, the investment banking firm of Janney Montgomery Scott LLC, Philadelphia, Pennsylvania, acting on behalf of themselves and Raymond James & Associates, Inc. (collectively, the "Underwriters"), pursuant to appointment by the Authority as underwriters have agreed to purchase the Series of 2022 Bonds, subject to the terms and conditions set forth herein; and

WHEREAS, the Authority desires to set minimum parameters, as authorized herein, for the acceptance of a proposal from the Underwriters for the purchase of the Series of 2022 Bonds, to undertake the 2022 Project and to issue the Series of 2022 Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Board of the Authority, as follows:

1. Approval of the 2022 Project. The Authority hereby authorizes and approves the 2022 Project and does hereby ratify and confirm all action heretofore taken by officers of the Authority and others pursuant to direction of the Authority in proceeding with the 2022 Project. The Authority shall proceed with the 2022 Project and the necessary financing to fund the 2022 Project and related costs and expenses in accordance with the intent of this Resolution.

2. Acceptance of Purchase Proposal. The Authority hereby invites, and authorizes the Underwriters to submit in the manner herein provided, a proposal for the purchase of all but not less than all of the Series of 2022 Bonds bearing rates, terms and other provisions not inconsistent with this Resolution (the "**Purchase Proposal**").

The Purchase Proposal shall be consistent with this Resolution, shall set forth a purchase price of not less than 99.5% of the par amount of the Series of 2022 Bonds, exclusive of net original issue discount or premium, if any, and accrued interest and shall contain (i) such interest rates, principal amounts, maturity dates and redemption provisions and related matters, (ii) identification of the bond insurer, if any, (iii) the principal amounts, maturities of the Series of 2014 Bonds to be refunded and a date certain for redemption, and (iv) such other terms and conditions as the officers of the Authority executing the Purchase Proposal, after consultation with Broughal & DeVito, LLP, as solicitor to the Authority ("**Solicitor**"), Steven A Goldfield, Esquire, as special counsel to the Authority ("**Special Counsel**") and Eckert Seamans Cherin & Mellott, LLC, as bond counsel to the Authority ("**Bond Counsel**"), shall approve. The execution and delivery of the Purchase Proposal by the authorized officers of the Authority shall constitute conclusive evidence of such approval.

The Chairman or Vice Chairman and Treasurer or Assistant Treasurer of the Authority are authorized and directed to execute and deliver, on behalf of the Authority, a written acceptance of the Purchase Proposal to the Underwriters so long as (i) the total debt service on the Series of 2022 Bonds allocable to the 2014 Refunding Project is less than the total debt service on Refunded Bonds and the amount of the reduction in debt service, net of issuance costs (inclusive of any bond insurance premium), has a Net Present Value¹ equal to five percent (5.00%) or more of the aggregate par amount of the Series of 2014 Bonds to be refunded, and (ii) the Series of 2022 Bonds conform in all other respects to the requirements of the Indenture and this Resolution. The execution and delivery of the Purchase Proposal

¹ "Net Present Value " means the value of the difference between the periodic debt service payments on the Refunded Bonds and periodic debt service payments on the Series of 2022 Bonds generated over the life of the Series of 2022 Bonds discounted by a factor equal to the yield on the Series of 2022 Bonds.

by the said officers of the Authority shall constitute acceptance hereunder of the Purchase Proposal, and upon acceptance of the Purchase Proposal, as aforesaid, the Series of 2022 Bonds shall be and hereby are awarded and sold to the Underwriters and the Secretary of the Authority is directed to attach a copy of the Purchase Proposal hereto, thereby making the Purchase Proposal a part hereof.

3. City Guaranty. The Authority hereby proposes that City Council give favorable consideration and approve the guaranty of the Series of 2022 Bonds in order for the Authority to undertake the proposed financing of the 2022 Project.

4. Issuance of the Series of 2022 Bonds. The Authority authorizes and approves issuance of the Series of 2022 Bonds, to be issued under the Seventh Supplemental Indenture to the Original Indenture.

The Series of 2022 Bonds shall be secured by the Original Indenture, as amended or supplemented from time to time, to the extent, in the manner and with the priority provided in the Original Indenture, as amended or supplemented from time to time, shall be in the principal amounts, in the form, of the denominations and with the maturities and interest rates, be subject to the redemption provisions and contain such other terms and provisions, all as provided in the Original Indenture, as supplemented by the Seventh Supplemental Indenture, the applicable provisions of which Original Indenture and Seventh Supplemental Indenture by reference are incorporated in this Paragraph.

The Series of 2022 Bonds shall be issued under, in accordance with and secured by the Original Indenture, as supplemented by the Seventh Supplemental Indenture, and shall be issued for the purpose set forth in the Seventh Supplemental Indenture.

5. Authorization and Approval of the Seventh Supplemental Indenture. The Seventh Supplemental Indenture shall be in the form presented at this meeting, which hereby is approved together with changes as may be satisfactory to Bond Counsel, the Solicitor and Special Counsel and as approved by the officers of the Authority executing the same, their execution to be deemed conclusive evidence of such approval.

The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are authorized and directed, as applicable, to execute and acknowledge the Seventh Supplemental Indenture and to deliver the same to the Trustee for execution and acknowledgment, in the form approved by this Section.

6. Appointment of Registrar and Paying Agent. The Bank of New York Mellon, Pittsburgh, Pennsylvania, as successor in interest to First Valley Bank and Summit Bank, as trustee under the Original Indenture, as supplemented by the Seventh Supplemental Indenture, is appointed as registrar and paying agent for the Series of 2022 Bonds.

7. Authorization and Approval of the Ninth Supplemental Lease. The Authority shall enter into the Ninth Supplemental Lease, in the form herein approved, with respect to the Water System and shall assign, transfer and set over unto the Trustee under the Original Indenture, as supplemented by the Seventh Supplemental Indenture, the Ninth Supplemental Lease and all rentals becoming due and payable thereunder to the Trustee by an Assignment (the "**Assignment**"), in the form herein approved.

The Ninth Supplemental Lease and the Assignment shall be in the forms presented at this meeting, which hereby are approved together with such changes as may be satisfactory to Bond Counsel, the Solicitor and Special Counsel and as approved by the officers of the Authority executing the same, their execution to be deemed conclusive evidence of such approval.

The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are authorized and directed, as applicable, to execute and acknowledge the Ninth Supplemental Lease and the Assignment, respectively, in the forms approved by this Section.

8. Official Statements. The Authority hereby authorizes and requests Public Resources Advisory Group ("**Financial Advisor**") and the Underwriters, together with appropriate personnel of the Authority, to prepare all requisite applications, documents and disclosure documents with respect to the Series of 2022 Bonds, all consistent with the scope of their respective contemplated services. The appropriate officers of the Authority are authorized and directed to undertake or to cause to be undertaken, in cooperation with the Underwriters, the Financial Advisor and PFM Financial Advisors LLC ("**City Financial Advisor**"), preparation of a Preliminary Official Statement for use by the Underwriters in connection with the sale of the Series of 2022 Bonds, and to approve said Preliminary Official Statement as to the description of the Authority and other information furnished by the Authority.

The appropriate officers of the Authority are authorized and directed to undertake to prepare, in cooperation with the Underwriters, the Financial Advisor and the City Financial Advisor, a final Official Statement for delivery to purchasers of the Series of 2022 Bonds and to approve said final Official Statement as to the description of the Authority and other information furnished by the Authority.

9. Execution and Authentication. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are authorized and directed to execute the Series of 2022 Bonds by manual or facsimile signature and to deliver the same to the Trustee for authentication and delivery; and the manual or facsimile seal of the Authority shall be affixed upon the face of the Series of 2022 Bonds.

The Trustee is requested and authorized to authenticate the Series of 2022 Bonds pursuant to terms of the Original Indenture, as supplemented by the Seventh Supplemental Indenture, and to deliver the same upon written Order of the Authority.

10. Sale Proceeds. The Authority, upon receipt of proceeds derived from sale of the Series of 2022 Bonds, shall transfer and pay over the same to the Trustee as required by the Original Indenture, as supplemented by the Seventh Supplemental Indenture.

11. Confirmation of Pledge of Trust Estate. The Authority confirms the assignment, transfer and pledge under the Original Indenture and any supplements and amendments thereto of all right, title and interest of the Authority in and to the Original Lease, as previously amended and supplemented and as further supplemented by the Ninth Supplemental Lease, and in and to the Revenues from the Water System, as defined in the Original Indenture.

12. General Authorization. Proper officers of the Authority are authorized and directed to execute and deliver such documents (in addition to documents hereinbefore mentioned) and do such things as may be necessary or appropriate in order to effectuate the issuance and sale of the Series of 2022 Bonds, the financing of the 2022 Project and the execution and delivery of the documents hereinbefore and hereafter mentioned, and as otherwise may be required to carry out the intent and purpose of this Resolution; provided that such action is not inconsistent with the provisions of the Original Indenture, as supplemented by the Seventh Supplemental Indenture.

13. Purchase of Insurance. The Authority hereby authorizes acceptance of a commitment from a bond insurer (the "**Bond Insurer**"), if the purchase of insurance is determined to be appropriate and any such Bond Insurer shall be specified in the Purchase Proposal pursuant to Section 2 hereof, and authorizes the purchase of such municipal bond insurance policy insuring the Series of 2022 Bonds and

directs the payment of the appropriate premium upon issuance of the Series of 2022 Bonds. A legend indicating the existence of such a policy shall be printed on the Series of 2022 Bonds in the form required by the Bond Insurer. In order to have accrued interest, if any, paid by the Underwriters excluded from the calculation of the premium, the Authority agrees to cause any amount paid as accrued interest to be invested, to the extent required by the Bond Insurer, in direct obligations of the United States of America and maintained in the Debt Service Fund until applied to the first interest payment on the Series of 2022 Bonds. All terms and conditions required to be contained in this Resolution by the terms of the commitment are incorporated herein by reference with the same effect as if set out at length.

14. Consulting Engineers. Colliers Engineering & Design, Allentown, Pennsylvania, Consulting Engineers of the Authority, are authorized and requested to make and deliver such documents as are required by the Original Indenture, as supplemented by the Seventh Supplemental Indenture, in connection with issuance of the Series of 2022 Bonds.

15. Exercise of Option to Redeem and Direction to Call Refunded Bonds. The Series of 2014 Bonds identified in the Purchase Proposal to be retired (the “**Refunded Bonds**”), hereby are so designated upon acceptance of the Purchase Proposal by the authorized officers of the Authority.

The Authority hereby does elect to exercise its option to call for redemption and does call for redemption on the Redemption Date, hereinafter identified, all of the Refunded Bonds to be redeemed that are stated to mature on and after November 15, 2022, in accordance with the right and privilege reserved to the Authority in the Series of 2014 Bonds and under the Original Indenture, at a price of 100% of the principal amount plus accrued interest.

The date fixed for redemption of the Refunded Bonds so called for redemption is determined and established to be and shall be such date as shall be specified in the accepted Purchase Proposal (the “**Redemption Date**”).

The Authority hereby authorizes the execution and delivery of redemption instructions for the Refunded Bonds to the Trustee, in its capacity as Paying Agent for the Refunded Bonds and directs the Trustee, in its capacity as Registrar for the Refunded Bonds, to deliver and to publish a conditional Notice of Redemption to the registered owners of the Refunded Bonds so called for redemption, which notice shall be in such form as Bond Counsel and the Trustee shall hereafter agree.

Such redemption shall be accomplished in the manner and upon terms and conditions provided in the Original Indenture and the Series of 2014 Bonds and shall have the effect provided in the Original Indenture.

16. Approval of Notice of Redemption. The Authority does approve the notice of redemption, with respect to the Refunded Bonds so called for redemption, in substantially the form described in Section 15 hereof.

17. Escrow Agreement. The Authority hereby is authorized to enter into an Escrow Agreement, as necessary and desirable, with the Trustee to effectuate the redemption of the Refunded Bonds. The form of the Escrow Agreement shall be in such form as Bond Counsel may advise and as proper officers of the Authority shall approve, such approval to be conclusively evidenced by such proper officers execution thereof in accordance with Section 12 hereof.

18. Deposit of Funds with the Trustee. Upon issuance of the Series of 2022 Bonds, but no later than the Redemption Date, the Authority, from proceeds derived from the Series of 2022 Bonds and other moneys available for such purpose, hereby irrevocably directs the deposit of moneys which,

together with the income to be available from investment of all or a portion thereof, if any, shall be at least sufficient:

(a) to pay the interest accrued and payable on all outstanding Refunded Bonds to and including the Redemption Date;

(b) to pay on the Redemption Date, the principal of all outstanding Refunded Bonds, the outstanding principal amount of all of the Refunded Bonds to be redeemed, at the redemption price of 100%; and

(c) to pay all costs and expenses related to the foregoing, including all fees and expenses of the Trustee, in its capacity as Paying Agent and Registrar for the Refunded Bonds.

19. Termination Agreement. The Authority hereby is authorized and directed to execute and deliver a Termination Agreement, by and among the Trustee, the Authority, and Bank of America Merrill Lynch, as provider, for the purpose of terminating a certain Debt Service Reserve Forward Delivery Agreement, dated as of October 6, 1998, entered into in connection with the 1998 Bonds, with respect to the investment of moneys deposited in the Debt Service Reserve Fund established under the Second Supplemental Indenture. The form of the Termination Agreement shall be substantially in the form presented to this meeting and as proper officers of the Authority shall approve, such approval to be conclusively evidenced by such proper officers execution thereof in accordance with Section 12 hereof.

20. Notification to Trustee. The Secretary or Assistant Secretary of the Authority is directed to notify the Trustee of the action taken and authorized in this Resolution by delivering to the Trustee a copy of this Resolution, duly certified by its Secretary or Assistant Secretary under the corporate seal of the Authority.

21. Disclosure Covenants. In accordance with Rule 15c2-12 (the "**Rule**") promulgated under the Securities Exchange Act of 1934, as amended, the Authority 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 Authority in connection with the issuance of the Bonds.

The Authority 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 Authority shall approve, such approval to be conclusively evidenced by such proper officers execution thereof in accordance with Section 12 hereof.

The Authority's covenants in the Continuing Disclosure Certificate shall terminate upon legal defeasance, or other arrangement whereby the Authority is released from any further obligations with respect to the Series of 2022 Bonds, prior redemption or payment in full of all of the Series of 2022 Bonds. If such termination occurs prior to the final maturity of the Series of 2022 Bonds, the Authority shall give prompt notice of such termination to the MSRB through the EMMA System.

The sole remedy for a breach by the Authority of any of the covenants in this Section shall be an action to compel performance of such covenant. Under no circumstances may monetary damages be assessed or recovered or payment of the Series of 2022 Bonds be accelerated, nor shall any such breach

constitute a default under the Series of 2022 Bonds. Nothing in this Section is intended as or shall be deemed a provision of the Series of 2022 Bonds.

22. Bond Counsel and Authority Solicitor. The Authority authorizes and directs Bond Counsel, in conjunction with the Solicitor and Special Counsel, to prepare all legal documents and to take all legal action necessary in connection with consummation of the financing of the 2022 Project, including, without limiting the generality of the foregoing, preparing the text of and arranging for the printing of the required bonds and the Seventh Supplemental Indenture.

23. Financial Advisor. The Authority authorizes and directs the Financial Advisor to prepare all such documents and to take such action necessary in connection with consummation of the financing of the 2022 Project, including, without limiting the generality of the foregoing, such documents and reports as shall be requested by Bond Counsel and by authorized officers of the Authority.

24. Effective Date. This Resolution shall become effective immediately.

25. Severability. In the event any provisions, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of the Authority that such remainder shall be and shall remain in force and effect.

26. Repealer. All resolutions or parts of resolutions inconsistent herewith are expressly repealed to the extent of such inconsistencies.

DULY ADOPTED this 14th day of April, 2022, by the Board of Bethlehem Authority, in lawful session duly assembled.

ATTEST:

BETHLEHEM AUTHORITY

(Assistant) Secretary

By: _____
(Vice) Chairman

(SEAL)

CERTIFICATE

I, the undersigned, (Assistant) Secretary of the Board of Bethlehem Authority (the "Authority"), certify: that the foregoing is a true and correct copy of a Resolution which duly was adopted by affirmative vote of a majority of all members of the Board of the Authority at a meeting duly held on April 14, 2022, at which meeting a quorum was present, after due notice to the members of the Board of the Authority and to the public and which was at all times open to the public; that said Resolution duly has been recorded in the minute book of the Authority; and that said Resolution is in full force and effect, without amendment, alternation or repeal, as of the date of this Certificate.

I further certify that the Authority met the public 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 meeting place of the Board of the Authority, and by giving notice to parties upon request as required under Section 709 of the Sunshine Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Authority, this 14th day of April, 2022.

(Assistant) Secretary

(SEAL)