

AN ORDINANCE OF THE
BOROUGH OF FREEPORT
(ARMSTRONG COUNTY, PENNSYLVANIA)
ENACTED MARCH 6, 2023 AND NUMBERED 405

FORMAL ACTION CONSTITUTING A DEBT ORDINANCE
UNDER THE LOCAL GOVERNMENT UNIT DEBT ACT

AUTHORIZING THE INCURRING OF NONELECTORAL DEBT BY THE ISSUANCE OF GUARANTEED SEWER REVENUE BONDS, SERIES OF 2023 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED EIGHT MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$8,925,000); COVENANTING TO PAY, AND PLEDGING REVENUES, TOGETHER WITH UNLIMITED TAXING POWER, FOR THE PAYMENT OF, THE BONDS; ESTABLISHING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY; FIXING THE FORM, MAXIMUM INTEREST RATES, MATURITY, REDEMPTION AND OTHER PROVISIONS FOR THE PAYMENT THEREOF; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; AUTHORIZING A FILING OF REQUIRED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; RATIFYING AND DIRECTING CERTAIN ACTIONS OF OFFICERS; AND MAKING CERTAIN OTHER COVENANTS AND PROVISIONS IN RESPECT OF THE BONDS.

Bond Counsel:

Dinsmore & Shohl LLP
1300 Six PPG Place
Pittsburgh, PA 15222

Solicitor:

Matthew Kalina, Esq.
Witherel & Associates
966 Perry Hwy
Pittsburgh, PA 15237

WHEREAS, the Governing Body of the Local Government Unit, after due consideration of the public welfare and with full legal competence pursuant to its enabling legislation, has determined to undertake the Project hereinafter described; and

WHEREAS, the Governing Body of the Local Government Unit desires to incur indebtedness, within constitutional and statutory limitations, in order to undertake said Project; and

WHEREAS, the incurrence of such indebtedness is governed by the provisions of the Local Government Unit Debt Act, (53 Pa.C.S.A. § 8001 et seq.) (the "Debt Act"), with which this Debt Ordinance and all related proceedings of the Local Government Unit and all duly authorized actions of its officers are intended to comply;

NOW, THEREFORE, BE IT, AND IT HEREBY IS, ENACTED by the affirmative vote of a majority of all members of the Governing Body of the Local Government Unit as follows:

ARTICLE 1 - DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Debt Ordinance, have the meanings hereby ascribed to them. Moreover, such terms, together with all other provisions of this Debt Ordinance, shall be read and understood in a manner consistent with the provisions of the Debt Act, as generally interpreted by the Department of Community and Economic Development or by courts maintaining competent jurisdiction.

Words or phrases importing the masculine gender shall be read and understood to include the feminine and neuter genders and those importing number shall include singular or plural, both as appropriate to the context. The word "Person," in addition to natural persons, shall mean and include corporations, associations and public bodies and their successors unless the context shall indicate otherwise.

"Authentication Date" shall mean that date or those dates, individual to respective Bonds, upon which the Sinking Fund Depository shall have executed and delivered a new and original instrument upon the transfer, exchange or other processing for registration of a Bond, thereby authenticating the same as, and to be, a valid and outstanding obligation of the Local Government Unit.

"Average Annual Debt Service Requirements" shall mean, as to those bonds under consideration, the sum of the debt service requirements for the fiscal years contained in the period under consideration with respect to such bonds, divided by the number of fiscal years contained in such period. Any determination of the average annual debt service requirements with respect to bonds of all series outstanding shall be made on the basis of a determination of the average of the sum of the annual debt service requirements of all series of bonds at the time outstanding. The term "period under consideration" shall mean, as to a particular series of bonds, the period beginning with the fiscal year within which the certificate containing such term shall be dated and ending with the fiscal year in which the final maturity of the bonds of such series shall actually occur.

"Authorized Investments" means: (1) **as to the proceeds of the Bonds:** (i) United States Treasury bills; (ii) short-term obligations of the United States Government or its agencies or instrumentalities; (iii) deposits in savings accounts or time deposits or share accounts of institutions (including the Sinking Fund Depository) insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefor shall be pledged by the depository (including collateral pooled in accordance with the Act of August 6, 1971, P.L. 281, No. 72, relating to pledges of assets to secure deposits of public funds); (iv) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; and (v) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 provided, that the following are met: (a) the only investments of the company are in the authorized investments for borough funds listed in clauses (i) through (iv), and repurchase agreements fully collateralized by such investments; (b) the investment company is managed so as to maintain its shares at a constant net asset value in accordance with 17 CFR 270 2a-7 (relating to money market funds); and (c) the investment company is rated in the highest category by a nationally recognized rating agency; and (vi) (t) obligations, participations or other instruments of any Federal agency, instrumentality or United States

government-sponsored enterprise, rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations, (u) repurchase agreements with respect to obligations described in (i), (ii) and (iv) above, (v) negotiable certificates of deposit, (w) bankers' acceptances, (x) commercial paper, (y) shares of an investment company and (z) savings or demand deposits, as all of the seven foregoing subcategories of this category (vi) are further defined within, and satisfy the terms and conditions of, Act 10 of 2016 of the General Assembly of the Commonwealth of Pennsylvania (adopted March 25, 2016 and effective May 24, 2016); and (2) **as to moneys at any time on deposit in the Sinking Fund:** (i) obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America, (ii) direct general obligations of the Commonwealth of Pennsylvania, or any securities in which the Commonwealth may, at such time, invest its moneys, or (iii) deposits at interest in time accounts, certificates of deposit or other interest bearing accounts of any bank, bank and trust company (including the Sinking Fund Depository), savings bank, savings and loan association or building and loan association. The authorization set forth above for investment in obligations of the United States of America shall include money market funds invested solely in such obligations, including any such funds maintained by the Sinking Fund Depository. To the extent that any such deposits described in (b)(iii) above are insured by the Federal Deposit Insurance Corporation or similar Federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds; provided in all events that such investments shall be made in a manner consistent with sound business practice and, if required for prompt expenditure, shall be held in demand deposits. In the event, from time to time, and to the extent such investments may periodically require valuation, their value shall be determined on the following bases (and if more than one basis applies, according to the lowest of them): (a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal - the arithmetic mean of the bid and asked prices for such investments so published on or immediately prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal - the average bid price established for such investments by any three nationally recognized government securities dealers at the time making a market in such investments or the average bid price published by a nationally recognized pricing service; and (c) as to time deposits, certificates of deposit and bankers' acceptances — the face amount thereof, plus accrued interest.

"Bond Counsel" shall mean Dinsmore & Shohl LLP, 1300 Six PPG Place, Pittsburgh, Pennsylvania, 15222.

"Bond Insurance Policy" means that standard policy of the Insurer, if one is so acquired, to be issued under and according to all the terms and conditions of its Commitment to insure timely payment of the principal of and interest on the Bonds to the owners thereof, upon satisfaction of all preconditions set forth in the Policy, as specifically noted by a legend or other appropriate text hereby authorized to be printed on the Bonds themselves.

"Bonds" shall mean the Guaranteed Sewer Revenue Bonds in the aggregate principal amount not to exceed \$8,925,000, which are hereinafter authorized to be issued, sold and delivered for purposes of the Project, and which constitute instruments imposing an obligation upon the Local Government Unit for the repayment of money borrowed. "Bonds" may also mean and include any additional bonds of another one or more series issued under and pursuant to the provisions of this Debt Ordinance and secured on a parity basis. The Bonds shall be printed substantially in the form hereinafter in Section 4.13 provided and shall fall within the definition of "Security" set forth in, and otherwise shall be governed by, Article 8 of the Uniform Commercial Code, to the extent permitted by, and consistent with, the Debt Act. Such term may include a single Bond or several Bonds, representing, in each case, a portion of this or another series.

“Capital Additions” shall mean new or additional property which the Local Government Unit has the corporate power to construct or acquire (including, without limiting the generality of the foregoing, lands, rights-of-way, easements and similar interests in real property, and all buildings, improvements thereto, landscape, machinery, pipes, pipe lines, pumps, transportation equipment, office machinery, including but not limited to computer hardware and software, telephones, and photocopier, vehicles such as trucks and carts, and other fixtures and equipment having a useful life greater than one year under generally accepted accounting principles) and any and all permanent improvements, additions, extensions and betterments to real or fixed property of the Local Government Unit, which new or additional property shall be hereafter constructed or otherwise acquired by the Local Government Unit and which shall be used or useful in connection with the operation of the Sewer System; provided, however, that the term “Capital Additions” shall not include:

(1) The Sewer System existing at the time of the enactment of this Debt Ordinance;

(2) Any property which shall be constructed or otherwise acquired by the Local Government Unit in keeping and maintaining the Sewer System in good repair, working order and condition, except to the extent that any part of the cost thereof may be chargeable to fixed property accounts in accordance with sound accounting practice; and

(3) Any equipment, materials, goods, merchandising, appliances or supplies which shall be acquired for the purpose of consumption in the operation of the Sewer System.

“Cost,” when used with reference to Capital Additions, shall mean the amounts required to be paid to construct or otherwise acquire or complete the Capital Additions, and include, in addition to such other items as are included within any proper definition of cost, allowances or charges for interest during construction and for a reasonable period thereafter, including principal and interest on the bonds or loans which is not otherwise sufficiently provided for, taxes, interim and initial operating and administration expenses during and for a reasonable period following completion of construction, architectural and engineering, legal and superintendence expenses, and casualty and other insurance expenses, and fees incurred in condemnation and viewers’ proceedings, and, in the case of capital improvements which shall be financed in whole or in part through the issue and sale of bonds, all expenses incurred by the Local Government Unit in connection with the preparation, issue and sale of such bonds, including discounts (if any) sustained on the sale of such bonds.

“Current Expenses” shall mean the Local Government Unit’s reasonable, proper and necessary costs of operation and maintenance of the Sewer System and includes, without limiting the generality of the foregoing, utilities, materials, supplies, payroll, employee benefits and repairs and improvements, as well as fees for professional services. The term does not include (i) payments on account of the principal of, the interest on or the premium (if any) payable upon the redemption of, bonds, (ii) charges for depreciation, (iii) the cost of repairs which has been paid out of surplus moneys available for such purpose, (iv) the cost of construction or other acquisition of, or reserve for the construction or other acquisition of, Capital Additions, (v) loss from the sale or other disposition of or from any decrease in the value of capital assets, (vi) amortization of debt discount, and such miscellaneous deductions as are applicable to prior accounting periods.

"Dated Date" means that date or those dates, as the same may vary by series, upon which interest will begin to accrue on the Bonds, as determined and fixed by the Purchaser in the applicable Purchase Proposal.

"Debt Ordinance" shall mean this document, being the formal action taken by the Local Government Unit according to the requirements of Section 8003 of the Debt Act in order to authorize and incur the debt represented by the Bonds. Such term shall apply whether, under the law and current practices of the Local Government Unit, it would normally take formal action by enactment of an ordinance, adoption of a resolution or some other similar means.

"Debt Service Requirements" (including "annual" or "current"), when used with reference to any fiscal year, shall mean, as to any series of bonds, the aggregate amount payable in such fiscal year for principal of, and interest on, such series of bonds in accordance with the terms of the fixed maturity of such bonds and the amounts required to be deposited in such fiscal year to the credit of any sinking, purchase, redemption or analogous fund established for such bonds.

"Designated Officer(s)" shall mean and include, individually or jointly, the President, Vice President, and Secretary of the Borough Council (and their appropriate successors acting by reason of absence or other incapacity), being those duly elected or appointed and acting officials of the Local Government Unit hereby authorized to undertake and perform the actions herein specified, which are necessary and proper to the issuance of the Bonds and compliance with the Debt Act.

"First Interest Payment Date" means that date or those dates, as the same may vary by series, upon which interest on the Bonds is first payable, as determined and fixed by the Purchaser in the applicable Purchase Proposal.

"Fiscal Year" shall mean the period of twelve months beginning on January 1 of each year, and shall also mean the period from the execution and delivery of this Debt Ordinance to and including December 31, 2023.

"Governing Body" shall mean the Borough Council of the Local Government Unit, being that entity authorized by law to fix the rate of, and to levy, taxes within the Local Government Unit and to fix the amount and schedule for the imposition of Sewer Rates.

"Insurer" means the issuer of the Bond Insurance Policy, if any such policy is acquired, as identified in the applicable Purchase Proposal. If no Bond Insurance Policy is acquired by the Local Government Unit at the time the Bonds are issued, then the term "Insurer" will not be relevant to the Bonds or to that series of the Bonds.

"Interest Payment Date(s)" means, singularly or jointly, that date, or those dates, of each year during the term of the Bonds, upon which interest on the Bonds is payable, as determined and fixed by the Local Government Unit and the Purchaser in the applicable Purchase Proposal, commencing with the First Interest Payment Date

"Local Government Unit" shall mean the Borough of Freeport, situated in the County of Armstrong, a borough of the Commonwealth of Pennsylvania, duly organized and validly existing under the Constitution and laws of the Commonwealth, particularly the Borough Code, 8 Pa.C.S. §101 et seq., as amended.

"Mandatory Redemption Date(s)" means that date, or those dates, as the same may vary by series, of each year during the term of the Bonds, if any, on which outstanding Bonds will be mandatorily redeemed by the Local Government Unit in accordance with the terms of the Bonds and the applicable Purchase Proposal.

"Maturity Date(s)" means that date, or those dates, as the same may vary by series, of each year during the term of the Bonds on which the Bonds mature in accordance with their terms, as determined and fixed by the Local Government Unit and the Purchaser in the applicable Purchase Proposal.

"Net Revenues", when used with respect to any period, shall mean the Receipts and Revenues of the Sewer System for such period, less all Current Expenses incurred in the operation and management of the Sewer System for such period.

If within or after the period for which any calculation of Net Revenues is made, the Local Government Unit acquired any property constituting part of the Sewer System, there shall be included the net earnings or net losses, as the case may be, of such property for the whole of such period to the extent they may not have been otherwise included. If within or after the period for which any such calculation is made, the Local Government Unit disposed of any property constituting part of the Sewer System, there shall be excluded the net earnings or net losses, as the case may be, of such property for the whole of such period to the extent they may not have been otherwise excluded. If the Sewer Rates during all or any part of the period for which any such calculation is made shall be different from the Sewer Rates which are in effect at the time such calculation is made, there shall be added to or deducted from the Net Revenues so calculated any increase or decrease of the Receipts and Revenues for such period which would result from the computation of such Receipts and Revenues on the basis of the Sewer Rates in effect at the date of said calculation, rather than the Sewer Rates which were actually in effect during that period.

"Optional Redemption Date" means that date, or those dates, as the same may vary by series, of that year, if any, on which the outstanding Bonds may be redeemed, in whole or in part, at the option of the Local Government Unit, as determined and fixed by the Purchaser in the applicable Purchase Proposal.

"Project" shall mean the necessary and proper costs of: (a) the design, construction and acquisition of the Local Government Unit's sanitary sewer system; (b) if necessary, the funding of interest on the Bonds for a period not exceeding the period of construction, plus one year, (c) funding a debt service reserve fund; and (d) paying the necessary and proper costs of incurring indebtedness in respect of the foregoing. Reasonable estimates of the cost of the Project, which is not less than the principal amount of the indebtedness authorized hereby (being, on a weighted average, in excess of thirty-five (35) years), have been obtained with the assistance of engineers, architects, financial advisors and other persons qualified by experience. Nothing contained herein shall prohibit the Governing Body, under proper enactment of an ordinance and compliance with all provisions of law, from amending, adding to, subtracting from, substituting for or otherwise altering the Project undertaken hereby.

"Purchase Price" means not less than 95.00% of the par amount of the Bonds (the discount from par being inclusive of any underwriter's discount and/or net original issue discount) together with accrued interest, if any, to the date of delivery of the Bonds, as any such discounts or interest, or original issue premium, shall be specified in the applicable Purchase Proposal.

"Purchase Proposal" shall mean the written agreement of even date for the purchase and sale of the Bonds, as executed and presented by the Purchaser, and accepted by the Local Government Unit by the enactment of this Debt Ordinance.

"Purchaser" shall mean Piper Sandler & Co., D.L. Clark Building, 503 Martindale Street, 7th Floor, Pittsburgh, PA 15212.

"Rating Agency" means Standard & Poor's or Moody's Investor Services.

“Receipts and Revenues” shall mean (a) all rates, receipts, fees, rents and charges established or to be established, levied and collected in connection with, and all other receipts and revenues of whatever kind and character (including, without limitation, all accounts, any insurance proceeds, condemnation or eminent domain awards, payments under performance bonds, grants and assessments not separately pledged) arising from the operation, control, possession, and/or ownership of, the Sewer System or any part thereof, including all cash and investments on hand, (b) amounts on deposit and available for payment of debt service on the Bonds in the Revenue Fund, (c) all income, interest and profits received from the investment of moneys held in any Fund established under the Debt Ordinance, and (d) all funds received pursuant to any service agreement between the Local Government Unit and third parties for the provision of wastewater collection, transmission, or treatment services, though no such agreements presently exist.

"Record Date(s)" means, singularly or jointly, the 15th day of the calendar month next preceding a respective Interest Payment Date if the Interest Payment Date is on the 1st day of the month, or the last day of the calendar month next preceding a respective Interest Payment Date if the Interest Payment Date is on the 15th day of the month.

"Redemption Price" shall mean 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

“Reserve Requirement” shall mean, as to the Bonds, the maximum annual debt service payable on the Bonds , and as to any additional bonds issued hereunder, an amount as shall be determined upon the issuance of such additional bonds, calculated as of the date of issuance of the bonds, so long as the same does not exceed the limitations imposed by the Internal Revenue Code of 1986, as amended, and applicable regulations, in which case the Reserve Requirement shall be equal to such limitation. Any determination of the Reserve Requirement with respect to bonds of all series outstanding shall be made on the basis of a separate determination of the Reserve Requirement for each series of bonds at the time outstanding.

“Sewer Rates” shall mean the Local Government Unit’s schedule of rentals, fees, rates, and charges, as declared either by ordinance or resolution, for the use of the Sewer System by the users thereof.

“Sewer System” shall mean and include as of any particular time, (i) the sanitary sewer conveyance, collection, transmission system, including all appurtenances thereto as well as the property rights associated with the system (ii) all Capital Additions and (iii) all other tangible property, fixed or moveable, and all franchises used or useful to the Local Government Unit in the operation of the properties referred to in subdivisions (i) and (ii) above.

"Sinking Fund Depository" shall mean U.S. Bank Trust Company, National Association, a bank or bank and trust company, located and lawfully conducting a banking or trust business in the Commonwealth of Pennsylvania, having its designated corporate trust office in Pittsburgh, Pennsylvania. Said bank shall assume, undertake and perform the duties of the Sinking Fund Depository specified by this Debt Ordinance or contained in the Debt Act, and shall further act as Paying Agent and Registrar in respect of the Bonds, according to the provisions of this Debt Ordinance and the Debt Act and in compliance at all times with then-current industry standards and practices.

Notwithstanding the foregoing, if, and only in the event, the payment of the Bonds has been insured to the owners thereof by a duly issued and outstanding Bond Insurance Policy, such Sinking Fund Depository shall be, and remain at all times, acceptable to the Insurer, who shall be empowered to request of the Local Government Unit the appointment of a successor for cause shown.

"Solicitor" shall mean Matthew Kalina, Esq., Witherel & Associates, 966 Perry Hwy., Pittsburgh, PA 15237.

"Term Bonds" means that one or those several sets of Bonds, if any, stated to mature on a date certain, but which shall be mandatorily redeemed on specified anniversary dates in certain years preceding the date of maturity, as designated and fixed by the Purchaser in the applicable Purchase Proposal.

--END OF ARTICLE 1--

ARTICLE 2 -- AUTHORIZATION OF DEBT

Section 2.01. Incurrence of Nonelectoral Debt; Pledge of Receipts and Revenues. The Local Government Unit hereby authorizes and directs the incurrence of nonelectoral debt in an amount not to exceed the aggregate principal amount of \$8,925,000 for the purposes of the Project; such debt shall be evidenced by the Bonds, to be issued, sold and delivered according to the provisions of this Debt Ordinance and the Debt Act, as guaranteed revenue obligations of the Local Government Unit. The aggregate principal amount of bonds which may be executed by the Local Government Unit and secured by this Debt Ordinance (as supplemented) and outstanding at any one time shall not be limited, except by law; but the Local Government Unit is required upon the issuance of bonds to comply with the applicable conditions precedent set forth herein.

This Debt Ordinance creates and shall be and constitute a continuing, irrevocable and first lien upon, and pledge of, the Receipts and Revenues of the Local Government Unit derived from the Sewer System to the extent herein provided, to secure the full and final payment of the principal of, interest on, and premium (if any) payable upon the redemption of, the Bonds and all bonds which may, from time to time, be executed, authenticated and delivered hereunder. All bonds issued under this Debt Ordinance, as supplemented, shall in all respects be equally and ratably secured hereby without preference, priority or distinction on account of the actual date of the authentication, delivery or maturity thereof, so that all bonds at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Debt Ordinance, and shall all be equally secured hereby, with like effect as if they had all been executed, authenticated and delivered simultaneously.

Such bonds may, at the election of the Governing Body, be in one or more series and shall be designated generally as Guaranteed Sewer Revenue Bonds of the Local Government Unit, with further particular designations as the Governing Body may determine; each bond shall bear upon its face the designation so selected for the series to which it belongs. All bonds of any one series at any time simultaneously outstanding shall be identical in respect of the date of maturity (unless they are of serial maturities), the place or places of payment of principal and of interest, the rates and dates of interest payments, the terms and rate or rates of optional redemption, if redeemable, and also in respect of a sinking, purchase, redemption or analogous fund therefor (if any); but bonds of the same series may be of serial maturities and, if of serial maturities, may differ with respect to the terms and dates of redemption and interest rates.

The Local Government Unit has previously pledged certain receipts and revenues derived from the operation of its Sewer System to the repayment of a loan from the Pennsylvania Infrastructure Investment Authority ("Pennvest"). The Local Government Unit expects to receive the consent of Pennvest to issue the Bonds hereunder and also the agreement by Pennvest to share a first lien on the Receipts and Revenues described herein. The Local Government Unit may enter into an intercreditor agreement with Pennvest to memorialize such an arrangement.

Section 2.02. Preparation of Debt Statement Exclusion of Indebtedness. The Designated Officers are hereby authorized and directed to prepare and verify under oath or affirmation, according to the requirements of Sections 8002 and 8110 of the Debt Act, the Debt Statement of the Local Government Unit, including therewith a certification of the Borrowing Base, and, if desired, any statements required by Chapter 81, Subchapter B of the Debt Act necessary to qualify all or any portion of this, or any prior outstanding, debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; all previous actions of Designated Officers in this regard are hereby ratified and confirmed.

Section 2.03. Proceedings Before the Department. The Designated Officers are hereby further authorized and directed to prepare and file all proceedings of the Local Government Unit relative to this incurrence of debt with the Department of Community and Economic Development and to respond to all inquiries or requests and to perform all other actions necessary to enable the Department to certify its approval to issue, sell and deliver the Bonds.

Section 2.04 Stated Maturity Dates. The Local Government Unit hereby finds and determines that: (1) the Bonds are to be issued with: (a) a final stated maturity date which does not exceed the sooner to occur of forty years or the useful life of the Project; and (b) an initial stated installment or maturity of principal which has not been deferred beyond the later of two years, or one year from the date of expected completion of the Project; and (2) the stated maturities, or principal installments subject to mandatory redemption, of the Bonds have been fixed either: (a) so as to amortize the Bonds on at least an approximately level debt service plan during the period specified for the payment of principal under Section 8142(b) of the Debt Act; or (b) in the alternative, in the event that an Exhibit C has been properly completed and is attached to this Debt Ordinance and thereby incorporated by reference herein, so that the debt service on outstanding debt of the Local Government Unit (being the Bonds, together with such other debt as has been identified on Exhibit C) will be brought more nearly into an over-all level annual debt service plan.

Section 2.05. Cost Estimates. The Local Government Unit has obtained, from architects, engineers and others qualified by experience, reasonable cost estimates for the completion of capital improvements component of the Project in accordance with Section 8006 of the Debt Act.

--END OF ARTICLE 2--

ARTICLE 3 -- SECURITY FOR DEBT; SINKING FUND

Section 3.01. Imposition of Rates. The Local Government Unit covenants that it will adopt, maintain, charge and collect, from the users served by its Sewer System or any of its component facilities, so long as any bonds remain outstanding and funds for their payment have not been provided, reasonable and, within reasonable classifications, uniform, Sewer Rates, which, after making due and reasonable allowances for delinquencies, contingencies and a margin of error in the estimates and after taking into consideration amounts on deposit in the Revenue Fund at the end of the previous calendar year shall be at all times at least sufficient with respect to the Sewer System to provide for the payment of: (a) Current Expenses; and (b) 110% (one hundred ten percent) of Current Debt Service Requirements.

The Local Government Unit covenants that it will, prior to the issuance of any Bonds authorized hereby, adopt a resolution which will set forth and implement Sewer Rates which will fulfill the rate covenant in the foregoing paragraph.

The Local Government Unit also covenants with the owners of the bonds that if at any time the Receipts and Revenues collected are not sufficient to enable the Local Government Unit to comply with the provisions of this Section 3.01, the Local Government Unit will promptly revise its Sewer Rates (or make such other provisions within the budget of the Local Government Unit) so to comply with this Section 3.01 and any deficiencies in transfers of funds required to be made pursuant to this Article will be remedied before the end of the next ensuing fiscal year.

The Local Government Unit covenants that it will, on or before December 31 of each year, beginning December 31, 2023, or otherwise as required pursuant to the Municipal Code or other applicable law, prepare and adopt a budget for the Sewer System within the regular budget of the Local Government Unit, for the next fiscal year, which budget shall contain an estimate of the Receipts and Revenues to be derived from the Sewer System for the period covered by such budget and of Current Expenses to be incurred.

The Local Government Unit covenants that all compensation, salaries, fees or wages paid by it in connection with the administration of the Sewer System shall be reasonable and no more than would be paid by other similar enterprises (whether public or private) for similar services; that it will not expend any amount or incur any indebtedness for Current Expenses in excess of the appropriate budget of Current Expenses; that no more persons shall be employed by it than are necessary; and that it will operate and administer the Sewer System in an efficient and economical manner.

Section 3.02. Creation of Revenue Fund. The Local Governmental Unit does hereby create, and order to be established, a Revenue Fund for the operation of the Sewer System, as a commercial account with a financial institution authorized to be a depository for funds of the Local Government Unit, and does further covenant to maintain such Revenue Fund until all bonds outstanding under the Debt Ordinance are paid in full. The Local Government Unit covenants that all Receipts and Revenues, and any and all sums received by the Local Government Unit from any other source with respect to the Sewer System, shall be deposited in the Revenue Fund.

The moneys at any time on deposit in the Revenue Fund shall be subject to a lien and charge in favor of the Sinking Fund Depository, the Registered Owners of the bonds and the Insurer (subject only to that of the Registered Owners) until disbursed as herein provided. Notwithstanding the foregoing pledge, the Local Government Unit shall pay promptly out of the Revenue Fund the Current Expenses for the Sewer System as the same become due. So long as any Bonds shall remain outstanding, the Local Government

Unit shall withdraw from the Revenue Fund and deposit with the Sinking Fund Depository for credit to the Sinking Fund the following amounts:

(i) On or before the fourth (4th) business day of each month prior to February 1 and August 1 of each year beginning September 1, 2023, an amount equal to one sixth (1/6) the interest due on the Bonds on the next Interest Payment Date therefor. Any moneys on deposit in the Sinking Fund may be used as a credit against amounts to be transferred from the Revenue Fund.

Provided, however, so long as capitalized interest remains available in an account or subaccount to fund all or a portion of an interest payment the Sinking Fund Depository shall transfer the required sum from such account or subaccount.

Provided, also that any amounts held in the Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Sinking Fund and applied to the payment of interest prior to the transfer of amounts from the Revenue Fund.

(ii) On or before the fourth (4th) business day of each month prior to August 1 of each year, beginning September 1, 2023, an amount equal to one twelfth (1/12) the principal amount of the Bonds maturing or subject to mandatory sinking fund redemption on such August 1.

In the event that the amount deposited by the Local Government Unit to the Sinking Fund pursuant to this Section shall be less than that required hereby, the Sinking Fund Depository shall transfer promptly to the Sinking Fund from the Reserve Fund (in each case to the extent of funds available therein) an amount equal to any such deficiency.

Following the satisfaction of all Current Expenses, the full payment of all Current Debt Service Requirements, and the full maintenance of the Reserve Requirement, if any, moneys remaining at any such time on deposit in the Revenue Fund, including any interest earnings on such amounts, may be applied by the Local Government Unit, assuming there are no other existing defaults, to any one or more of the following purposes:

(1) the cost of constructing or acquiring Capital Additions or the payment of indebtedness incurred in constructing or acquiring Capital Additions; or

(2) the payment of any obligations or liabilities of the Local Government Unit arising out of its interests in the Sewer System for which there is insufficient money in another fund of the Local Government Unit, or which are not properly payable out of any other fund of the Local Government Unit including, among other things, surveys, plans, specifications, studies and reports with respect to the Sewer System or the operation thereof or the feasibility or desirability of acquiring or constructing Capital Additions or property in the nature of Capital Additions; or

(3) the redemption or purchase of bonds; or

(4) the cost of making renewals or replacements to the Sewer System or the making of repairs to the Sewer System to the extent the cost of such renewals, replacements or repairs is not provided in the current budget of the Local Government Unit, or to make advances to or reimburse any other party for any of the aforesaid purposes.

At any time that the Local Government Unit applies moneys in the Revenue Fund to the purchase of bonds, the Local Government Unit shall furnish to the Sinking Fund Depository an Officers' Certificate specifying the bonds that it has agreed to purchase, the purchase price thereof, the names of the seller(s) and the expenses incurred in connection with such purchases. The Local Government Unit shall not purchase, from moneys in the Revenue Fund, bonds at a price in excess of the currently effective redemption prices therefor, or if such bonds are not at the time redeemable, in excess of 103% of the principal amount thereof. The payment of the necessary premiums, costs and expenses of such purchases or redemptions including, without limiting the generality of the foregoing, all legal fees, costs of mailing, printing costs, brokerage charges and charges incident to such purchase or redemptions may be payable from moneys in the Revenue Fund.

Once a year, at any time between the dates of December 1 and December 31 (inclusive) of such year, following the satisfaction of all Current Expenses, the full payment of all Current Debt Service Requirements, the full maintenance of the Reserve Requirement, the reserve of amounts payable in respect of the principal of and interest on the Bonds on the March 1 next succeeding and the reserve of funds reasonably foreseeable as necessary for the payment of Current Expenses to be or become due during the next succeeding four month period, until the May 1 next succeeding, the Local Government Unit may withdraw all other funds then remaining on deposit in the Revenue Fund and transfer the same to one or more funds or accounts of the Local Government Unit to be used for any lawful governmental purpose.

Section 3.03. Creation of Sinking Fund. The Local Government Unit does hereby create, and order to be established, a Sinking Fund for the payment of the Bonds, as a trust fund with the Sinking Fund Depository, and does further covenant to maintain such Sinking Fund until the Bonds are paid in full. The Designated Officer is hereby authorized and directed to contract with the Sinking Fund Depository for its services in such capacity, together with its services as Paying Agent and Registrar for the Bonds. The Sinking Fund Depository shall pay out of the Sinking Fund, from time to time, without further authorization from the Local Government Unit, and as the same shall become due and payable, the interest on and principal of the bonds outstanding and secured hereby.

The Local Government Unit covenants with the owners of the Bonds, and the Designated Officer (according to the duties as specified in Section 8223 of the Debt Act) is hereby authorized and directed, to withdraw from the Revenue Fund and to deposit into the Sinking Fund on or before the appropriate Interest Payment Dates (or as and when otherwise due by their terms and in order to provide same-day, available funds for timely payment), amounts sufficient to pay: (a) the interest on the Bonds then outstanding; and (b) the principal of the Bonds then maturing or subject to redemption on each such Interest Payment Date as set forth in Section 3.01 and Exhibit A hereof.

Section 3.04. Creation of Reserve Fund. The Local Governmental Unit does hereby create, and order to be established, a Reserve Fund for the further security of the bonds, as a trust fund with the Sinking Fund Depository, and does further covenant to maintain such Reserve Fund until all bonds outstanding under the Debt Ordinance are paid in full.

From the proceeds of the Bond and, as necessary, from funds of the Local Government Unit the sum equal to the maximum annual debt service amount on the Bonds shall be deposited to the credit of the Reserve Fund to satisfy the Reserve Requirement. Funds on deposit at any time in the Reserve Fund may be withdrawn by the Local Government Unit to pay Current Expenses and/or to pay current Debt Service Requirements upon presentation to the Sinking Fund Depository of a certificate of the Local Government unit, executed by two Designated Officers, stating the amount and purpose of such withdrawal and attesting the insufficiency of any other funds then on deposit or available to the Revenue Fund to meet such obligations. In the case of Current Expenses, the Sinking Fund Depository shall draw or transfer such funds

to the Local Government Unit for the account of the Revenue Fund; in the case of Current Debt Service Requirements, the Sinking Fund Depository shall transfer such funds directly to the Sinking Fund.

After first having paid Current Expenses from the Revenue Fund and made the deposits for Current Debt Service Requirements provided for in Section 3.02, the Local Government Unit shall withdraw from the Revenue Fund, or from any other of its revenues or funds, to the extent necessary, and deposit for the credit of the Reserve Fund on or before the first day of each month one twelfth (1/12th) of the amount which may then be necessary and sufficient to repair any deficiency then occurring in the Reserve Fund resulting from the transfer or expenditure of funds from the Reserve Fund for any of the purposes specified in the preceding paragraph; provided that no such deficiency shall be permitted to exist for a period of time longer than one year from the time the deficiency first occurred. The Reserve Requirement shall be required to be maintained by the Local Government Unit in the Reserve Fund, until such time as the Reserve Requirement is increased or decreased in connection with the issuance of additional bonds or the terms hereof. Any increase in the Reserve Requirement must be funded upon the issuance of additional bonds. The moneys on deposit in the Reserve Fund shall be applied on an as needed basis to all series of bonds at any time outstanding under the Debt Ordinance without regard to when specific amounts were deposited therein.

At any time that the amount on deposit in the Reserve Fund, as a result of interest earnings, investment gains or otherwise, shall exceed the balance at the time required to be maintained therein, the Sinking Fund Depository shall transfer such excess to the Sinking Fund as a credit towards Current Debt Service Requirements.

Notwithstanding the power granted to the Local Governmental Unit, in this Section hereinbefore set forth, to withdraw funds from the Reserve Fund, the Sinking Fund Depository is hereby authorized, without any direction or authorization from the Local Government Unit, to transfer moneys from the Reserve Fund to the Sinking Fund, or any sinking, purchase, redemption or analogous fund for any additional series of bonds, to the extent that the moneys in the Sinking Fund, or said sinking, purchase, redemption or analogous fund, may at any time be insufficient to pay the Bonds and any interest appertaining to the Bonds as the same shall become due or any costs associated therewith or to make the withdrawals and deposits required pursuant to the terms of this Debt Ordinance.]

Section 3.05. Investment of Funds. All moneys in the Sinking and Reserve Funds not required for prompt expenditure may, in accordance with written or telephonic (if subsequently confirmed in writing according to the reasonable practices and requests of the Sinking Fund Depository) instructions of the Designated Officer, be invested in Authorized Investments.

Authorized Investments shall mature or shall be subject to redemption, withdrawal or collection in their full amount at the option of the Sinking Fund Depository not later than the date upon which moneys are required to be paid to owners of the Bonds. All moneys in the Sinking and Reserve Funds shall be applied exclusively to the payment of the Bonds as the same from time to time becomes due and payable. All moneys deposited into the Sinking and Reserve Funds and all investments and proceeds thereof shall be subject to a perfected security interest for the benefit of the owners of the Bonds. Income received from any deposit or investment within any one of the Funds shall remain within and be a part of that Fund and all such amounts may be applied in reduction or completion of any amount covenanted under Sections 3.01 and 3.03 hereof to be deposited therein; provided, however, that the obligation of the Local Government Unit to pay the Bonds is, and shall remain, absolute, and may not be satisfied or reduced merely by the deposit of moneys into any such Fund or from the expectation of earnings thereon.

Section 3.06. General Obligation Covenant. The foregoing revenue pledge and other provisions for the security of the Bonds notwithstanding, the Bonds shall be guaranteed as general obligations of the Local

Government Unit. The Local Government Unit hereby covenants with the owners from time to time of the Bonds to: (a) include the amount necessary to service the debt on the Bonds for each fiscal year in which such sums are payable, in its budget for that year; (b) appropriate such amounts from its general revenues to the payment of such debt service; and (c) duly and punctually pay, or cause to be paid, from its Sinking Fund or from any other of its revenues or funds, the principal of and the interest on the Bonds at the dates and place and in the manner stated in the Bonds, according to the true intent and meaning thereof.

For such budgeting, appropriation and payment of the Bonds, the Local Government Unit hereby irrevocably pledges its full faith, credit and taxing power. The exact amounts of maximum debt service hereby covenanted to be paid are set forth in Section 3.01 and in Exhibit A, attached to this Debt Ordinance and incorporated by reference herein.

The Local Government Unit shall budget each and every year, as long as any Bonds remain outstanding hereunder, amounts sufficient to make payments of principal of, and interest on, the Bonds as the same are due. The Local Government Unit shall also budget, as an item of expected revenue, the amounts it expects to receive from the collection of Sewer Rates. To the extent that Sewer Rates collected are insufficient to make any payment of principal and/or interest when due, the Local Government Unit shall pay over from its general fund amounts necessary to make the payment of principal and/or interest due at that time.

As provided in the Debt Act, the foregoing covenants are specifically enforceable.

--END OF ARTICLE 3--

ARTICLE 4 - TERMS AND PROVISIONS OF THE BONDS

Section 4.01. Dates, Maturity Amounts and Interest Rates. The Bonds shall be identified by the Dated Date, shall be dated as of the Authentication Dates, shall bear (or accrue) interest at the rate(s) (or yield(s)), payable (or compounded) on the appropriate Interest Payment Dates, and shall mature on the Maturity Dates and in the principal amounts set forth in Section 3.01 hereof.

Section 4.02. Optional Redemption. The Bonds scheduled to mature on a date after the Optional Redemption Date may be redeemed prior to maturity at the option of the Local Government Unit (a) in whole, on the Optional Redemption Date or on any date thereafter, or (b) in part, from time to time, on the Optional Redemption Date or on any date thereafter, by lot within a maturity, upon payment of the applicable Redemption Price.

Section 4.03. Mandatory Redemption. Term Bonds shall be redeemed prior to maturity by the Sinking Fund Depository without further authorization on the appropriate Mandatory Redemption Dates and in the appropriate principal amounts set forth in Article 1 and in Section 3.01 hereof upon payment of the applicable Redemption Price.

Section 4.04. Book Entry System. The Bonds will be issued in denominations of \$5,000 or any multiple thereof initially in the form of one fully registered bond for the aggregate principal amount of the Bonds of each maturity, which Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Initially, all of the Bonds will be registered in the name of Cede & Co., as nominee of DTC; provided that if DTC requests that the Bonds be registered in the name of a different nominee, the Sinking Fund Depository must exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee of DTC. No person other than DTC or its nominee is entitled to receive from the Local Government Unit or the Sinking Fund Depository either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee transfers record ownership of all or any portions of the Bonds on the Register (as such term defined in Section 4.08), in connection with discontinuing the book entry system.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds will be made to DTC or its nominee in immediately available funds on the dates provided for such payments in this Ordinance. Each such payment to DTC or its nominee will be valid and effective to discharge fully all liability of the Local Government Unit or the Sinking Fund Depository with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds outstanding of any maturity, the Sinking Fund Depository will not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of the partial redemption provided that DTC must deliver to the Sinking Fund Depository, upon request, a written confirmation of the partial redemption and thereafter the records maintained by the Sinking Fund Depository will be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

The Local Government Unit and the Sinking Fund Depository may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners under this Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by Registered Owners and

for all other purposes whatsoever; and neither the Local Government Unit nor the Sinking Fund Depository will be affected by any notice to the contrary. Neither the Local Government Unit nor the Sinking Fund Depository will have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the Register as being Registered Owner, with respect to either (1) the Bonds; or (2) the accuracy of any record maintained by DTC or any such participant; or (3) the payment by DTC or any participant of any amount in respect of the principal or redemption price of or interest on the Bonds; or (4) any notice which is permitted or required to be given to Registered Owners under this Ordinance; or (5) the selection by DTC or any participant of any person to receive payment in the event of partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as Registered Owner.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Registered Owners under this Ordinance will be given to DTC as provided in the blanket representation letter previously delivered to DTC.

In connection with any notice or other communication to be provided to Registered Owners pursuant to this Ordinance by the Local Government Unit or the Sinking Fund Depository with respect to any consent or other action to be taken by Registered Owners, DTC will consider the date of receipt of notice requesting such consent or other action as the record date for the consent or other action, provided that the Local Government Unit or the Sinking Fund Depository may establish a special record date for such consent or other action. The Local Government Unit or the Sinking Fund Depository must give DTC notice of the special record date not less than 10 days in advance of such special record date.

Any successor Sinking Fund Depository must, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the representation letter.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either: (1) after notice to the Local Government Unit and the Sinking Fund Depository, DTC determines to resign as securities Depository for the Bonds; or (2) after notice to DTC and the Sinking Fund Depository, the Local Government Unit determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interest of the Local Government Unit. In either of such events (unless in the case described in clause (2) above, the Local Government Unit appoints a successor securities depository), the Bonds will be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Local Government Unit or the Sinking Fund Depository for the accuracy of such designation. Whenever DTC requests the Local Government Unit and the Sinking Fund Depository to do so, the Local Government Unit and the Sinking Fund Depository must cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds. The Bonds will also carry CUSIP numbers as a convenience to owners.

Section 4.05. Interest Payments; Accrual. The Bonds in current interest form shall bear interest, payable in arrears, initially on the First Interest Payment Date and then on each Interest Payment Date subsequent for the respective preceding period; provided, further, that interest may be paid from an Interest Payment Date next preceding the date of a Bond except when the date of such Bond is a date to which interest has been so paid, then from the date of such Bond, or when either (1) the date of such Bonds is prior to the First Interest Payment Date, or (2) no interest has been paid, then from the Dated Date.

Section 4.06. Record Date; Payments on Default. The person in whose name any Bond is registered at the close of business on any Record Date with respect to any Interest Payment Date or Maturity Date shall be entitled to receive the amounts payable on such payment date notwithstanding the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Record Date and prior to such payment date.

When, if, and to the extent, the Local Government Unit should default in the payment of any amount due on any such dates, any moneys collected for such payment, as and when collected from time to time, may be paid to the persons in whose names Bonds are registered at the close of business on a Special Record Date established by the Sinking Fund Depository, notice of which shall have been mailed to all Registered Owners of Bonds not less than ten days prior to such date.

Section 4.07. Funds for Payment. The Bonds shall be payable at the offices of the Sinking Fund Depository in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment; provided, however, in the absence of written demand for such payment by the Registered Owner, received by the Sinking Fund Depository not later than the Record Date, all payments of the Bonds shall be made by check or draft drawn on the Sinking Fund Depository and mailed, first class, postage prepaid, to the owner at his address as it appears in the Register, following presentation at the offices of the Sinking Fund Depository.

Section 4.08. Registration and Transfer. The Local Government Unit shall cause to be kept with the Sinking Fund Depository, in its capacity as Registrar, a Register in which, subject to reasonable regulations, the Local Government Unit shall provide for the registration of Bonds and the registration of transfers and exchanges of Bonds. No transfer or exchange of any Bond shall be valid unless made at the offices of the Sinking Fund Depository and registered in the Register.

Upon surrender for registration of transfer of any Bond, the Local Government Unit shall execute, and the Sinking Fund Depository shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of any authorized denomination, of the same yield and maturity, and in the same maturity amount, as the Bond so surrendered.

Any Bond shall be exchangeable for other Bonds of the same yield and maturity, in any authorized denomination, in the same maturity amount as the Bond or Bonds presented for exchange. Upon surrender for exchange of any Bond, the Local Government Unit shall execute, and the Sinking Fund Depository shall authenticate and deliver in exchange therefor, the new Bond or Bonds which the Registered Owner making the exchange shall be entitled to receive.

All Bonds issued upon any registration of transfer or exchange shall be valid obligations of the Local Government Unit, evidencing the same indebtedness and entitled to the same benefits under this Debt Ordinance as the Bonds surrendered for such registration of transfer or exchange. All Bonds so surrendered shall be cancelled and may be destroyed by the Sinking Fund Depository.

Every Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer, in form and with guaranty of signature satisfactory to the Local Government Unit and the Sinking Fund Depository, duly executed by the owner thereof or his duly authorized agent or legal representative.

No service charge shall be imposed on any Registered Owner for any transfer or exchange of any Bond, but the Local Government Unit may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

The Bonds shall be initially registered in accordance with instructions submitted to the Sinking Fund Depository by the Purchaser.

Section 4.09. Execution and Authentication. The Bonds shall be executed on behalf of the Local Government Unit by the Designated Officers, and shall have a facsimile of the corporate seal of the Local Government Unit affixed thereto, duly attested. The Bonds shall be authenticated by the manual execution of the Certificate of Authentication by a duly authorized officer of the Sinking Fund Depository. No Bond shall be valid until such Certificate of Authentication shall have been duly executed and such authentication shall be the conclusive and only proof that any Bond has been issued pursuant to, and is entitled to any benefits conferred under, the provisions of this Debt Ordinance. To the extent that any one signature on a Bond (including the signature of the officer of the Sinking Fund Depository) is manual, all other signatures may be by facsimile.

Section 4.10. Notices, Selection of Bonds for Redemption. Notice of redemption shall be given by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the applicable redemption date, to the Registered Owners of Bonds to be redeemed at the addresses which appear in the Bond Register on the fifth business day preceding the date selected for the mailing of such notice and to the Rating Agency, and the Insurer, if any. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond shall affect the validity of the proceedings for the redemption of any other Bond. If the Local Government Unit shall have duly given notice of redemption and shall have deposited funds for the payment of the Redemption Price of the Bonds with the Sinking Fund Depository, interest on such Bonds shall cease to accrue after such redemption date.

Notices of redemption shall be dated and shall state: (a) the redemption date; (b) the Redemption Price; (c) if less than all outstanding Bonds are to be redeemed, the identification numbers and the respective maturity amounts of the Bonds to be redeemed; (d) the applicable CUSIP numbers of the Bonds called for redemption (if then generally in use, but shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in the notice and that reliance may be placed only on the identification numbers printed on the Bonds); (e) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (f) that such Bonds are to be surrendered for payment at the principal corporate trust office of the Sinking Fund Depository.

If less than all Bonds maturing on any one date are to be redeemed at any time, the Sinking Fund Depository shall select by lot the Bonds to be redeemed at such time.

Any portion of any Bond of a denomination larger than \$5,000 may be redeemed, but only in the principal amount (or maturity amount) of \$5,000 or any integral multiple thereof. Prior to selecting Bonds for redemption, the Sinking Fund Depository shall assign numbers to each \$5,000 portion of any Bond of a denomination larger than \$5,000 and shall treat each portion as a separate Bond in the denomination of \$5,000 for purposes of selection for redemption. Upon surrender of any Bond for redemption of a portion thereof, the Sinking Fund Depository shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same maturity and in any authorized denominations requested by the owner in a principal amount (or maturity amount) equal to the unredeemed portion of the Bond surrendered.

Section 4.11. Temporary Bonds. Bonds in definitive form shall be fully engraved or printed or lithographed on steel-engraved borders. Until bonds in definitive form are ready for delivery, the Local

Government Unit may execute, and upon request the Sinking Fund Depository shall authenticate and deliver, in lieu thereof and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten bonds in temporary form, substantially in the form in Section 4.10 hereinafter described, and with appropriate omissions, variations and insertions. Until exchanged for bonds in definitive form, such bonds in temporary form shall be valid obligations entitled to the benefit of this Debt Ordinance. The Local Government Unit shall, without unreasonable delay, prepare, execute and deliver to the Sinking Fund Depository, and thereupon, upon the presentation and surrender of any bond or bonds in temporary form, the Sinking Fund Depository shall authenticate and deliver, in exchange therefor, a bond or bonds in definitive form of the same maturity for the same aggregate maturity amount as the bond or bonds in temporary form surrendered. Such exchange shall be made by the Local Government Unit at its own expense and without making any charge therefor.

Section 4.12. Bonds Lost or Destroyed. Upon receipt by the Local Government Unit and the Sinking Fund Depository of evidence satisfactory to both of them that any outstanding Bond has been mutilated, destroyed, lost or stolen, and of indemnity satisfactory to both of them, the Local Government Unit may, in its discretion, execute and thereupon the Sinking Fund Depository shall authenticate and deliver a new Bond of the same maturity and of like tenor in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, lost or stolen. The Local Government Unit may, for each new Bond authenticated and delivered under the provisions of this Section, require the payment of the expenses, including counsel fees. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen, shall constitute an original additional and independent contractual obligation on the part of the Local Government Unit whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Debt Ordinance with all other Bonds issued hereunder, and all limitations and debt limits imposed by the Debt Act shall be increased to the extent necessary to validate such new Bonds.

Section 4.13. Form of the Bonds. The Bonds shall be substantially in the following form(s):

Section 4.14. Additional Bonds. The Local Government Unit may issue bonds, in addition to and on a parity with the Bonds, for the purposes hereinafter specified, upon compliance with the terms hereof.

(a) The Local Government Unit may issue, execute and deliver additional bonds for the purpose of financing the cost of acquiring and/or constructing Capital Additions, in such aggregate principal amount as the Local Government Unit shall determine, upon production, in addition to all the corporate authorizations and other approvals and documentation required under law, including particularly the Debt Act, of the following reports, studies or certificates establishing the following described facts:

(1) A certificate of an Independent Public Accountant setting forth the Net Revenues of the Sewer System for any 12 consecutive calendar months during the period of 15 calendar months immediately preceding the first day of the month during which the Debt Ordinance authorizing the additional bonds is to be enacted;

(2) A certificate of a professional engineer certifying that the Capital Additions are necessary or advisable to extend, preserve, develop or improve the Sewer System and setting forth the Court Consultant's estimate (i) of the cost of acquiring or constructing the Capital Additions, (ii) of the amounts and sources of the moneys to be deposited for the credit of the applicable construction fund, including any fees, assessments, initial charges, grants-in-aid or capital contributions to be received, (iii) of the average annual Net Revenues which will be derived by the Local Government Unit from the Capital Additions, (iv) the amount of the Net Revenues of the Sewer System for the period covered by such certificate as set forth in the above-mentioned Independent Public Accountant's certificate, and (v) the percentage derived by dividing the sum of the amounts shown pursuant to subdivision (iii) and (iv) of this paragraph by the Average Annual Debt Service Requirements on all bonds which are outstanding immediately after the issuance of the additional bonds, which percentage shall not be less than 110%; and

(b) The Local Government Unit may issue, execute and deliver additional bonds for the purpose of refunding outstanding bonds (including a part of a series of bonds), in such aggregate principal amount as the Local Government Unit shall determine, upon production, in addition to all the corporate authorizations and other approvals and documentation required under law, including particularly the Debt Act, of the following reports, studies or certificates establishing the following described facts:

(1) The Average Annual Debt Service Requirements on the additional bonds shall not exceed the Average Annual Debt Service Requirements on the bonds being refunded; and

(2) The receipt by the Sinking Fund Depository of cash and/or U.S. Treasury Securities in an amount which is sufficient to effect the redemption or defeasance of the bonds, which cash and/or U.S. Treasury Securities, in the case of an advance refunding, shall be deposited to the credit of an irrevocable escrow trust fund established by the provisions of an escrow trust agreement and in the case of a current refunding shall be irrevocably deposited to the credit of the Sinking Fund to be paid out in accordance with the Debt Ordinance.

Only cash, direct non-callable securities of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America has been pledged, or Refcorp interest strips (or any combination thereof) ("U.S. Treasury Securities") shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves. In the event of an advance refunding, the Local Government Unit will cause to be delivered a verification report of an independent person acceptable to the Sinking Fund Depository, and who has experience and a national reputation for the provision of such reports. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

Section 4.15. Subordinated Debt. The Local Government Unit may execute and deliver, in addition to the bonds authorized to be issued pursuant to the other provisions of this Article 4, bonds, notes and certificates of indebtedness which shall be subordinate to the lien or charge against the Receipts and Revenues derived from the Sewer System, or against any of the Funds created hereunder.

The Local Government Unit may issue notes or other obligations which shall be secured solely from the assets purchased or acquired through the issuance of an obligation or with the proceeds of the note. Assets shall be personalty, and, if affixed to realty, shall be removable therefrom.

--END OF ARTICLE 4--

ARTICLE 5 -- CONCERNING THE SINKING FUND DEPOSITORY

Section 5.01. Maintenance of Sinking Fund. The Sinking Fund Depository shall maintain the Sinking Fund as a separate account and shall, without further authorization other than as herein contained, pay, from moneys therein, the principal of, interest on and premium, if any, on the Bonds, as and when the same shall become due, to the Registered Owners thereof.

Section 5.02. Unclaimed Funds. The Sinking Fund Depository shall return to the Local Government Unit all moneys deposited and held in a Sinking Fund for the payment of Bonds which have not been claimed by the Registered Owners after two years from the date when payment is due, except where such funds are held for the payment of outstanding checks, drafts or other instruments of the Sinking Fund Depository. Nothing in this Section or by reason of any action taken hereunder shall relieve the Local Government Unit of its liability for payment to the Registered Owners of unrepresented Bonds.

Section 5.03. Registration Agent. In the event the Bonds are qualified by the Purchaser, or are otherwise determined to be eligible, for the deposit, book-entry, withdrawal and other related services of The Depository Trust Company (or another or additional recognized bond registration agent performing similar services), the Sinking Fund Depository shall undertake and perform those additional duties which may be required of it in order to enable The Depository Trust Company (or other similar agent) to perform such services for its Participants, including the processing of transfers of registration within necessary time periods, the payment of Bonds by acceptable fund transfers and the delivery of adequate redemption and other payment notices.

Section 5.04. Liability of Sinking Fund Depository. The Sinking Fund Depository may exercise any of the powers or perform any duty hereunder by or through attorneys, agents, receivers or employees, and it shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney, agent, receiver or employee, if reasonable care has been exercised in his appointment and retention, nor shall the Sinking Fund Depository be otherwise answerable or accountable under any circumstances whatever in connection with such powers or duties, except for its own negligence or willful misconduct. The Sinking Fund Depository shall be protected and shall incur no liability in relying, acting or proceeding in good faith upon any notice, request, order, certificate, report, opinion, statement, affidavit, voucher, or other paper or document believed by it to be genuine and to have been signed, passed or presented by the proper person, nor be bound to make any investigation into the matters stated therein. However, the Sinking Fund Depository may, at any time in its discretion, require of the Local Government Unit full information and advice as to the above as well as to the performance of any of the covenants, conditions and agreements in this Debt Ordinance and may further make or cause to be made independent investigations, at the expense of the Local Government Unit, concerning its affairs. The Sinking Fund Depository may consult with legal counsel to be selected and employed by it and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Section 5.05. Ownership of Bonds. The Sinking Fund Depository, in its individual capacity or as a fiduciary, may become the owner of Bonds, with the same rights it would have if it were not the Sinking Fund Depository. The Sinking Fund Depository may also engage in, or be interested in, any financial or other transaction with the Local Government Unit not in derogation of the rights of the Registered Owners of the Bonds.

Section 5.06. Interpretation. The Sinking Fund Depository may construe any of the provisions of this Debt Ordinance insofar as the same may appear to be ambiguous or inconsistent with any other provision

hereof, and any construction of any such provisions hereof by the Sinking Fund Depository in good faith shall be binding upon the Registered owners of the Bonds.

Section 5.07. Fees and Expenses. The Sinking Fund Depository shall be paid such initial and periodic fees for its services and reimbursed for such expenses, as are specified in those proposals and other such communications made to and received by the Local Government Unit in connection with the Bonds, if any, or, in all events, according to its usual, customary and reasonable schedule of fees and other charges.

Section 5.08. Removal; Resignation. The Sinking Fund Depository shall serve in such capacity at the will of the Local Government Unit and may be removed, at any time, with or without cause, by the appointment of a qualified successor and upon sixty (60) days written notice to the Registered Owners of the Bonds and to the Sinking Fund Depository. Moreover, but if, and only in the event that, the payment of the Bonds has been insured to the Registered Owners thereof by a duly issued and outstanding Bond Insurance Policy, then the Sinking Fund Depository and any successor shall be, and remain at all times, acceptable to the Insurer, who shall be empowered to request the appointment of a successor for cause shown. The Sinking Fund Depository may at any time resign and be discharged of the trust hereby created by giving not less than sixty (60) days written notice, specifying the date when such resignation will take effect, by first class mail, postage prepaid, to the Local Government Unit, the Rating Agency, the Insurer and the Registered Owners at the addresses which appear in the Bond Register on the fifth day prior to the date selected for the mailing of such notice. Such resignation shall take effect upon the day specified in such notice, unless previously a successor Sinking Fund Depository shall have been appointed by the Local Government Unit as hereinbefore provided, in which event such resignation shall taken effect immediately on the appointment of such successor.

Section 5.09. Duties upon Default. If the Local Government Unit shall fail or refuse to make any required deposit in the Sinking Fund, the Sinking Fund Depository shall (a) independent of events and actions of Registered Owners, any trustee or any court or administrative or judicial officer undertaken or occurring pursuant to the provisions of Article 6 hereof: (1) notify the Department of Community and Economic Development of such failure or refusal, in order to facilitate an inspection of the Sinking Fund by the Department pursuant to Section 8226 of the Debt Act; and (2) notify the Insurer, if any; and (b) in conjunction with such events and actions under Article 6 hereof, may, and upon request of the Registered Owners of twenty-five per cent in principal amount of outstanding Bonds and upon being indemnified against cost and expense shall, exercise any remedy, provided in Article 6 of this Debt Ordinance, in the Debt Act or at law or in equity, for the equal and ratable benefit of the Registered Owners of the outstanding Bonds, and shall disburse all funds so collected equally and ratably to the Registered Owners thereof, pursuant to the requirements of Subchapter D of Chapter 82 of the Debt Act.

Notwithstanding the foregoing, however, if, and only in the event, the payment of the Bonds has been insured to the Registered Owners thereof by a duly issued and outstanding Bond Insurance Policy, then the Sinking Fund Depository shall diligently seek recovery of funds for the payment of the Bonds from the Insurer according to the terms of the Bond Insurance Policy and, in the event the terms of such Bond Insurance Policy are being fully met and satisfied by the Insurer, then the Sinking Fund Depository may undertake the remedies provided in subparagraph (b) of this Section 5.09 only after notice to, and with the consent of, the Insurer.

--END OF ARTICLE 5--

ARTICLE 6 --- DEFAULTS AND REMEDIES

Section 6.01. Failure to Budget Debt Service. Subject to the provisions of Section 6.06 hereof, if applicable, if the Local Government Unit fails or refuses to make adequate provision in its budget for any fiscal year for the sums payable in respect of the Bonds, then at the suit of the Registered Owner of any Bond, the Court of Common Pleas of the county in which the Local Government Unit is located, (or, if located in more than one county, then of either) shall after a hearing held upon such notice to the Local Government Unit as the Court may direct, and upon a finding of such failure or neglect, by writ of mandamus, require the Designated Officer to pay into the Sinking Fund the first tax moneys or other available revenues or moneys thereafter received in such fiscal year by such Designated Officer until the sum on deposit in the Sinking Fund shall equal the moneys that should have been budgeted or appropriated for the Bonds.

Section 6.02. Failure to Pay Principal or Interest. Subject to the provisions of Section 6.06 hereof, if applicable, if the Local Government Unit fails or neglects to pay or cause to be paid the interest or principal on any of the Bonds, as the same becomes due and payable, and such failure shall continue for thirty (30) days, the Registered Owner thereof shall, subject to any appropriate priorities created under the Debt Act, have the right to recover the amount due in an action in assumpsit in the Court of Common Pleas of the county in which the Local Government Unit is located (or, if located in more than one county, then of either). The judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the Local Government Unit.

Section 6.03. Trustee for Registered Owners.

(a) Subject to the provisions of Section 6.06 hereof, if applicable, but notwithstanding any other provision in this Debt Ordinance, if the Local Government Unit defaults in the payment of the principal of or the interest on the Bonds after the same shall become due, and such default shall continue for thirty (30) days, or if the Local Government Unit fails to comply with any provision of the Bonds or this Debt Ordinance, the Registered Owners of twenty-five percent in aggregate principal amount of the Bonds then outstanding, by an instrument or instruments filed in the office for the recorder of deeds in the county in which the Local Government Unit is located, signed and acknowledged in the same manner as a deed to be recorded, may appoint a trustee, who may be the Sinking Fund Depository, to represent the Registered Owners of all such bonds or notes, and such representation shall be exclusive for the purposes herein provided.

(b) Such trustee, may, and upon written request of the Registered Owners of twenty-five percent in principal amount of the Bonds then outstanding and upon being furnished with indemnity satisfactory to it shall, in his or its own name take one or more of the actions set forth below and the taking of such actions shall preclude similar action whether previously or subsequently initiated by individual Registered Owners of the Bonds:

(1) By mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Registered Owners of the Bonds or require the Local Government Unit to carry out any other agreement with the Registered Owners of the Bonds;

(2) Bring suit on the Bonds without the necessity for producing the same;

(3) Petition the Court to levy, and the Court is hereby empowered to levy, after a hearing upon such notice to the owners of assessable real estate as the Court may prescribe, the amount due before or after the exercise of any right of acceleration on the Bonds plus

estimated costs of collection upon all taxable real estate and other property subject to ad valorem taxation within the Local Government Unit, in proportion to the value thereof as assessed for tax purposes, and the trustee may collect, or cause the Local Government Unit to collect, such amounts as by foreclosure of a mortgage or security interest on the realty or other property if not paid on demand. Any assessment levied pursuant hereto shall have the same priority and preference, as against other liens or mortgages on the real estate or security interests in fixtures thereon or other property, as a lien for unpaid taxes;

(4) By suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds;

(5) After thirty (30) days prior written notice to the Local Government Unit, declare the unpaid principal of all the Bonds to be, and it shall thereby become, forthwith due and payable with interest at the rates stated in the Bonds until final payment (and, if all defaults shall be made good, then to annul such declaration and its consequences).

(c) If the Sinking Fund Depository is willing to serve and exercise the powers conferred upon a trustee appointed by this Section 6.03, no trustee appointed in the manner provided in this Section shall have the powers herein set forth unless the appointment under this Section was executed by or pursuant to the authority of the Registered owners of a principal amount of such Bonds sufficient to remove such originally appointed trustee.

(d) Proof of ownership of Bonds and of execution of instruments relative thereto shall be made according to the provisions of Section 8114 of the Debt Act.

Section 6.04. Costs of Suits or Proceedings. In any suit, action or proceeding by or on behalf of the Registered Owners of defaulted Bonds, the fees and expenses of a trustee or receiver, including operating costs of a project and reasonable counsel fees, shall constitute taxable costs, and all such costs and disbursements allowed by the court shall be deemed additional principal due on the Bonds, and shall be paid in full from any recovery prior to any distribution to the Registered Owners of the Bonds.

Section 6.05. Distribution of Moneys Realized for Registered Owners. Moneys or funds collected for the Registered Owners of defaulted Bonds shall, after the payment of costs and fees as provided in Section 6.04, be applied by the trustee or receiver as follows:

(a) Unless the principal of all the Bonds shall have become or have been declared due and payable, (i) to the payment to the Registered Owners entitled thereto of all installments of interest then due in the order of their respective due dates and, if the amount available shall not be sufficient to pay any installment in full, then to the payment ratably, according to the amounts due on such installment, to the Registered Owners entitled thereto, without any discrimination or preference; and (ii) to the payment to the Registered Owners entitled thereto of the unpaid principal of any Bonds which shall have become due in the order of their respective due dates, and if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment ratably, according to the amounts of principal due on such dates, to the Registered Owners entitled thereto without any discrimination or preference;

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over Interest or interest over principal, or

of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably according the amounts due respectively for principal and interest, to the Registered Owners entitled thereto without any discrimination or preference.

Section 6.06. RESERVED

-END OF ARTICLE 6-

ARTICLE 7 -- AMENDMENTS AND MODIFICATIONS

Section 7.01. Amendments Without Consent. The Local Government Unit may, from time to time and at any time, enact, execute, file with the Department and deliver to the Sinking Fund Depository, who shall accept the same, debt ordinances amending, modifying or supplemental hereto as shall not be inconsistent with the terms and provisions hereof and which shall not adversely affect the rights of the Registered Owners of the Bonds (which modifying or supplemental debt ordinances shall thereafter form a part hereof) for the following purposes:

(a) to cure any ambiguity, formal defect or omission in this Debt Ordinance;

(b) to grant or confer upon the Sinking Fund Depository for the benefit of the Registered Owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred thereupon;

(c) to add to this Debt Ordinance additional covenants and agreements thereafter to be observed by, or to surrender any right or power herein reserved to or conferred upon, the Local Government Unit; or

(d) to amend the definition of the Project and change the purposes of the Bonds, in compliance with all provisions of the Debt Act.

Section 7.02. Amendments With Consent. With the consent of the Registered Owners of not less than sixty-six and two-thirds per centum (66 2/3%) in outstanding principal amount of the Bonds (and with the consent of the Insurer), the Local Government Unit may, from time to time and at any time, enact, execute, file with the Department and deliver to the Sinking Fund Depository, who shall accept the same, debt ordinances amending, modifying or supplemental hereto for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of this Debt Ordinance or of modifying in any manner the rights of the Registered Owners of the Bonds; provided, however, that no such modifying or supplemental debt ordinance shall: (1) extend the fixed maturity date of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or (ii) reduce the aforesaid percentage of Bonds, the Registered Owners of which are required to consent to any such modification or supplement, without the consent of the Registered Owners of all Bonds then outstanding. It shall not be necessary for the consent of the Registered Owners to approve the particular form of any proposed modification or supplement, if such consent shall approve the substance thereof.

Any provision of this Debt Ordinance expressly recognizing or granting rights to the Insurer may not be amended in any manner which affects the rights of the Insurer without its prior written consent.

Section 7.03. Acceptance of Amendment. The Sinking Fund Depository shall accept any amending, modifying or supplemental debt ordinance which the Local Government Unit is authorized to execute hereunder upon delivery of the following:

(a) the amending, modifying or supplemental debt ordinance, duly executed with proof of filing with the Department; and

(b) An opinion of Bond Counsel to the effect that such amending, modifying or supplemental debt ordinance was properly enacted, executed and delivered pursuant to: (i) the provisions of Section 7.01 hereof; or (ii) the provisions of Section 7.02 hereof and that the consent of the Registered Owners of the Bonds

required hereunder has been secured, and that, in all events, the enactment, execution and delivery of such debt ordinance complies with all applicable requirements of law, including the Debt Act.

Section 7.04. Effect of Amendment. Upon the execution of any amending, modifying or supplemental debt ordinance pursuant to the provisions of this Article, this Debt Ordinance shall be and be deemed to be amended, modified and supplemented in accordance therewith, and the respective rights, limitation of rights, obligations, duties and immunities of parties hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such amendments, modifications and supplements, and all the terms and conditions of any such debt ordinance shall be and be deemed to be part of the terms and conditions of this Debt Ordinance for any and all purposes.

Section 7.05. Notice of Amendment. Notice, including a summary description, of any amending, modifying or supplemental debt ordinance once effectuated shall be confirmed promptly to the Insurer, the Rating Agency and all Registered Owners at the addresses which appear in the Bond Register on the fifth day prior to the date selected for the mailing of such notice.

--END OF ARTICLE 7--

ARTICLE 8 -- DISCHARGE OF DEBT ORDINANCE

Section 8.01. If the Local Government Unit shall pay or cause to be paid unto the Registered Owners the principal of, the interest on and the premium, if any, on the Bonds, at the times and in the manner stipulated therein, then this Debt Ordinance and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Sinking Fund Depository shall release, cancel and discharge the lien and obligations of this Debt Ordinance, including the lien upon Receipts and Revenues, and deliver to the Local Government Unit any funds or documents at the time subject to the lien of this Debt Ordinance which may then be in its possession; provided, however, that until such time as full and complete payment is so made, this Debt Ordinance shall be and remain in full force and effect.

Bonds, for the payment of which cash and/or securities which upon maturity will yield funds in the full amount required therefor shall have been deposited with the Sinking Fund Depository, whether upon or prior to the Maturity Date of such Bonds, shall be deemed to be paid within the meaning of this Article.

In the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Local Government Unit, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Local Government Unit to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Registered Owners.

--END OF ARTICLE 8--

ARTICLE 9 - FEDERAL INCOME TAX COVENANTS

Section 9.01. Compliance in General. The Local Government Unit hereby states its intention to comply with all the provisions of Sections 103 and 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Tax Code"); the Local Government Unit represents and covenants that it has undertaken and performed, and will undertake and perform, or, as appropriate, discontinue, upon the instruction of Bond Counsel, all those acts necessary and proper to the maintenance of the exclusion from gross income of the interest on the Bonds to the Registered Owners thereof conferred by said Sections, as interpreted by applicable regulations, rulings or other pronouncements of the Secretary of the United States Department of the Treasury.

Section 9.02. Not a Private Activity Bond; Taxing Powers. The Local Government Unit covenants that the Bonds are not an issue: (1)(a) more than 10 percent of the proceeds of which are to be used for any private business use, and (b) the payment of the principal of, or the interest on, more than 10 percent of the proceeds, directly or indirectly, is (x) secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or (y) to be derived from payments in respect of property, or borrowed money, used or to be used for a private business use; nor (2) the proceeds of which, in an amount exceeding the lesser of five percent of such proceeds, or \$5,000,000, are to be used to make or finance loans to persons other than governmental units.

The Local Government Unit certifies that it is a political subdivision and governmental unit with general taxing powers.

Section 9.03. Non-Arbitrage. The Local Government Unit covenants that no portion of the proceeds of the Bonds is reasonably expected (at the time of issuance of the Bonds) to be used, nor will intentionally be so used, directly or indirectly, (1) to acquire higher yielding investments, or (2) to replace funds which were used directly or indirectly to acquire higher yielding investments. This prohibition shall not apply to proceeds invested in higher yielding investments (a) for a reasonable temporary period until such proceeds are needed for the purpose of the Bonds, or (b) as a part of a reasonably required reserve or replacement fund. For these purposes, "higher yielding investment" shall mean any investment property (generally, a security or debt obligation) which produces a yield over the term of the Bonds which is materially higher than the yield on the Bonds, but shall not include any tax-exempt bond.

Section 9.04. Required Rebate. The Local Government Unit covenants to pay and rebate its arbitrage profits (being an amount equal to the sum of: (1) the excess of (a) the amount earned on all nonpurpose investments over (b) the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Bonds; plus (2) any income attributable to said excess [provided, further, that any gain or loss on the disposition of a nonpurpose investment shall be taken into account]) to the United States in accordance with the provisions of Section 148(f) of the Tax Code and regulations thereunder, but only as and to the extent that none of the following exceptions apply to the Local Government Unit.

Exceptions. Rebate to the United States as described above shall not be required of the Local Government Unit if, and in the event that any one of the following exceptions applies: (i) **SIX MONTH SAFE HARBOR** -- the gross proceeds of the Bonds are expended for the Project by no later than the day which is six months after the date of issuance of the Bonds, or, the gross proceeds, except the lesser of five percent of the gross proceeds of the Bonds, or \$100,000, are so expended by said date and such remaining portion is expended by no later than the day which is one year after the date of issuance of the Bonds; or (ii) **EIGHTEEN MONTH SPEND-DOWN** -- the following cumulative percentages of the gross and

investment proceeds of the Bonds are expended for the Project by no later than the day which is the indicated period of time following the date of issuance of the Bonds; 15% -- six months; 60% -- one year; 100% -- eighteen months (except that not more than 5%, representing only reasonable retainage on the costs of the Project, may remain unexpended after eighteen months, but not in excess of thirty months); or (iii) **TWO YEAR SPEND-DOWN (CONSTRUCTION ISSUES ONLY)** -- the following cumulative percentages of available construction proceeds of the Bonds are expended for the Project by no later than the day which is the indicated respective period of time following the date of issuance of the Bonds: 10% -- six months; 45% - - one year; 75% -- eighteen months; 100% -- two years (except that not more than 5%, representing only retainage on the costs of the Project, may remain unexpended after two years, but not in excess of three years); or (iv) **SMALL ISSUER** -- (a) 95 percent or more of the net proceeds of the Bonds is to be used for local governmental activities of the Local Government Unit (or a subordinate entity), and (b) the aggregate face amount of all tax-exempt bonds, other than private activity bonds, issued by the Local Government Unit, and all subordinate entities thereof (but not including any bond not outstanding or to be redeemed, as may be excluded under prevailing interpretations of the Tax Code and regulations thereunder), during the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000.

For these purposes, "gross proceeds" means any proceeds and replacement proceeds of the Bonds, "available construction proceeds" has the meaning used in §148(f)(4)(C)(vi) of the Tax Code, "sale proceeds" means all amounts actually or constructively received from the sale of the Bonds, except accrued interest on the Bonds deposited to the Sinking Fund, and "nonpurpose investment" means any investment property acquired with the gross proceeds of the Bonds and not required to carry out the governmental purpose of the Bonds.

The Designated Officer is hereby authorized and directed to contract with Bond Counsel, at its customary, usual and reasonable schedule of fees, for its services in calculating required rebate payments and making necessary reports to and filings with the United States on a periodic basis as required by the Tax Code and the rulings and regulations thereunder.

Section 9.05. Information Reporting. The Local Government Unit shall prepare, or cause to be prepared, execute and submit to the Secretary IRS Form 8038-G (or 8038-GC, as applicable) according to all the requirements for information reporting contained in Section 149(e) of the Tax Code.

Section 9.06 Tax-Exempt Obligation Designation. The Local Government Unit hereby designates the Bonds to be "qualified tax-exempt obligations" for the purposes of, and according to all the terms and conditions of, Section 265(b)(3) of the Tax Code. Having considered tax-exempt obligations previously issued, together with the Bonds, during the calendar year in which the Bonds are issued, the Local Government Unit represents and covenants that the reasonably anticipated amount of qualified tax-exempt obligations (other than private activity bonds) which will be issued by the Local Government Unit (together with all subordinate entities) during said calendar year does not exceed \$10,000,000.

For these purposes, "tax-exempt obligations" means any obligation the interest on which is wholly exempt from taxes under the Tax Code.

--END OF ARTICLE 9--

ARTICLE 10 - FEDERAL SECURITIES LAW COVENANTS

Section 10.01. Compliance in General. The Local Government Unit hereby states its intention to comply, and to facilitate compliance by the Purchaser and other related parties, with all the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), including for this purpose the related body of securities disclosure and anti-fraud laws, both statutory and common; the Local Government Unit represents and covenants that it has undertaken and performed, and will undertake and perform, or, as appropriate, discontinue, upon appropriate instructions of Bond Counsel or otherwise, all those acts necessary and proper for compliance with the Rule, as interpreted by applicable regulations, rulings or other pronouncements of the Securities and Exchange Commission, or other appropriate regulatory body.

Section 10.02. Official Statement. The Local Government Unit acknowledges that preparation of the Official Statement by the Purchaser was done on its behalf and for its benefit, as an agent, and that, in particular, while matters of style and format may have originated with the Purchaser, all substantive data and information was provided by the Local Government Unit. The Local Government Unit, upon review as to completeness and accuracy, hereby deems the Preliminary Official Statement final as of its date, and certifies the Preliminary Official Statement did not and does not, as of its date and as of this date, contain any untrue statements of a material fact or omit to state any material fact which should be included therein in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, as required by statute, regulation or substantive law. The distribution of the Preliminary Official Statement by the Purchaser is hereby ratified and approved. The Local Government Unit hereby covenants to provide a final Official Statement to the Purchaser within seven business days of this date. The Designated Officer is hereby authorized and directed to execute the same with such completions therein from the preliminary document as may be necessary and, provided further, that execution of a certificate concurrently upon, or subsequent to, preparation of the final Official Statement, including any settlement certificate, by a Designated Officer, regarding the truth and accuracy of the final Official Statement is tantamount to execution of the original document and full and sufficient authority for the printing of one or more conformed signatures therein. The Local Government Unit hereby covenants that the same representations regarding finality and completeness made regarding the Preliminary Official Statement will be true of the final Official Statement as of its date and as of Settlement. The Purchaser is authorized to use the final Official Statement in connection with the sale of the Bonds.

Section 10.03. Continuing Disclosure. The Local Government Unit will execute and deliver a Continuing Disclosure Certificate under which it will agree to provide or cause to be provided upon request, to any person, or at least annually: (i) annual financial information and operating data, and (ii) in a timely manner, to the Municipal Securities Rulemaking Board, via the EMMA website, notice of certain material events, as defined in the Rule. The Purchaser's obligation to purchase the Bonds is conditioned upon its receipt of the Continuing Disclosure Certificate, at or prior to the delivery of the Bonds, in form and substance reasonably satisfactory to the Purchaser.

--END OF ARTICLE 10--

ARTICLE 11 - GENERAL COVENANTS

Section 11.01. Covenant to Pay. The Local Government Unit covenants to duly and punctually pay, or cause to be paid, first, and to the extent available, from the Receipts and Revenues pledged under and by this Debt Ordinance, and second, as necessary for the Bonds, as a general obligation, the principal of, the interest on and the premium (if any) due upon the redemption of, every bond issued hereunder and secured hereby, at the place and on the date and in the manner specified herein and in said bonds, according to the true intent and meaning thereof.

The Local Government Unit covenants that so long as any of the bonds secured hereby are outstanding, none of the Receipts and Revenues derived by the Local Government Unit from its ownership of the Sewer System will be used for any purpose other than as provided in this Debt Ordinance and that no contract or contracts will be entered into or any action taken by which the rights of the bond owners might be impaired or diminished.

The Local Government Unit will not voluntarily create or cause to be created any debt, lien or charge, on a parity with or having priority over the lien of this Debt Ordinance, upon any of the Receipts and Revenues derived by the Local Government Unit from the Sewer System, and will not sell, mortgage, lease or otherwise dispose of or encumber the Sewer System or any part thereof except such portions thereof as are not essential to the proper maintenance and operations of the Sewer System. No sale, lease or other disposition of fixed properties constituting part of the Sewer System shall be made unless a professional engineer files a certificate with the Local Government Unit recommending such sale, lease or other disposition of the fixed properties. If, after receiving the certificate of such consultant, the Local Government Unit determines to sell, lease or otherwise dispose of the fixed properties, it shall, by resolution adopted by a majority vote of all members of its Governing Body, authorize such sale, lease or other disposition. The proceeds from such sale, lease or other disposition of any such fixed properties shall be deposited in the Revenue Fund.

Section 11.02. To the extent that such insurance is reasonably obtainable, the Local Government Unit covenants to cause all properties and components of the Sewer System which are of a character usually insured by persons operating properties of similar nature to be properly insured and kept insured with a responsible insurance company or companies authorized and qualified under the laws of the Commonwealth of Pennsylvania to assume the risks thereof against loss or damage by fire or other hazards to the extent that such properties are usually insured by persons operating properties of a similar nature in the same or similar localities. The amount of such insurance in each case and the provisions of each insurance policy shall be as recommended by a qualified insurance appraiser, whose fees shall be paid by the Local Government Unit as part of its Current Expenses.

All insurance proceeds received by the Local Government Unit shall be held in a special fund and shall be used to repair or replace the properties damaged or to acquire or construct Capital Additions.

If the proceeds of the insurance received for any damage to the Sewer System are more than sufficient to repair, replace or rebuild such damaged property, or to construct or acquire such Capital Additions, then the balance remaining in the special fund after the payment of all costs arising out of the repair, replacement or rebuilding of the damaged property or the constructing or acquiring of such Capital Additions shall be transferred to the Revenue Fund. If such proceeds shall be insufficient for such purpose, then the deficiency may be supplied out of surplus moneys, if any, available for such purpose or out of the proceeds of additional bonds of the Local Government Unit, such bonds to be issued only in the manner and in accordance with the requirements of this Debt Ordinance for the issuance of additional bonds for Capital Additions.

The Local Government Unit, to the extent reasonably affordable, will maintain public liability, property damage and workmen's compensation insurance in respect of the Sewer System in such amounts, containing such terms and provisions, and issued by such companies, as shall be acceptable to the Local Government Unit and recommended by the aforesaid qualified insurance appraiser.

Section 11.03. Maintenance and Repair. The Local Government Unit covenants at all times to maintain or cause to be maintained the Sewer System and every part thereof in good repair, working order and condition, and will make or cause to be made all needful and proper repairs, renewals and replacements so that its aggregate efficiency and capacity will at no time be unreasonably impaired or reduced.

Section 11.04. Payment of Charges. The Local Government Unit covenants that it will pay or cause to be paid, as Current Expenses, all taxes, assessments and other governmental charges lawfully imposed upon its properties or revenues when due as well as all lawful claims for labor, material and supplies, which, if unpaid, might by law become a lien or charge on said properties or the revenues or any part thereof prior to the lien hereof, or which might impair the security of this Debt Ordinance, so that the priority and security of this Debt Ordinance shall be fully preserved; provided that nothing in this Section shall require the Local Government Unit to pay any such tax, lien or charge so long as the validity thereof shall be contested in good faith and by appropriate proceedings.

Section 11.05. Accounting. The Local Government Unit will at all times retain an Independent Public Accountant or Accountants and will keep proper books of record and accounts in which complete and correct entries shall be made of all its dealings and transactions in accordance with standard principles of accounting, which, together with any other books, records and papers of the Local Government Unit, shall be subject at all reasonable times to the inspection of the bond owners or their agents or attorneys. Such reports and audits shall be open to the inspection of all interested persons.

--END OF ARTICLE 11--

ARTICLE 12 - SALE OF BONDS; SETTLEMENT

Section 12.01. Award to Purchaser. After due consideration of sundry factors, including professional assistance and current market conditions, the Governing Body hereby: (1) determines that a private sale by negotiation of the Bonds is in the best financial interest of the Local Government Unit; and (2) authorizes the President of Borough Council (or Vice President in the event of his/her absence or incapacity), in his/her discretion, to award the sale of the Bonds to the Purchaser, by means of the execution of and delivery to the Purchaser of an acceptable Purchase Proposal. For this purpose, an "acceptable" Purchase Proposal shall mean an offer by the Purchaser on its standard contractual form(s), compliant with prevailing industry standards and approved, as to form, by Bond Counsel and by the Solicitor, to purchase and underwrite the Bonds and, at such interest rate or rates, at such a price, and upon such other conventional terms and conditions not detrimental to the interests of the Local Government Unit, as shall be satisfactory to the Chairman and as shall be in concert with the Local Government Unit's overall plan for the financing of its Project.

Section 12.02. Delivery of Bonds. The Designated Officers are hereby authorized and directed to deliver the Bonds to the Sinking Fund Depository for authentication and thereafter to the Purchaser against confirmed receipt of the Purchase Price thereof.

Section 12.03. Clearing Fund. The Designated Officers are hereby authorized and directed to establish with the Sinking Fund Depository, in the name of the Local Government Unit, a one-day demand deposit account to facilitate the settlement of the Bonds, designated the "Clearing Fund". The Purchase Price shall be deposited into the Clearing Fund immediately upon receipt and the Designated Officers are hereby authorized and directed to transfer and invest funds, to pay all necessary, usual and proper costs of issuance of the Bonds, to execute and deliver such documents and to do all such other acts, upon advice of Bond Counsel or Solicitor, as are reasonable and necessary to ensure a satisfactory settlement of the sale of the Bonds and a proper application of the proceeds of the Bonds to the Project.

Section 12.04. Expeditious Settlement. The Local Government Unit hereby authorizes and directs Bond Counsel or Solicitor to undertake and perform all actions on behalf of the Local Government Unit necessary and proper to the expeditious settlement of the sale of the Bonds.

The Designated Officers are further authorized and directed to undertake and perform, or cause to be undertaken or performed, all such ordinary duties of the Local Government Unit (and the same are hereby specifically approved) which may be required under, or reasonably contemplated by, the Purchase Proposal, including, without limitation, application and qualification for certain bond ratings and/or policies) of bond insurance, establishment of bank accounts with authorized depositories for the deposit and management of Bond proceeds and other funds, purchase of necessary investments, retention of professionals, bond printing, and execution and delivery of such certificates, orders and agreements as may be necessary, in the opinion of Bond Counsel or Solicitor, to settlement of the sale of the Bonds.

--END OF ARTICLE 12--

ARTICLE 13 - MISCELLANEOUS

Section 13.01. Ratification. The action of the proper officers or agents in advertising a Summary Notice of this Debt Ordinance, as required by law, is ratified and confirmed. The advertisement of the Enactment Notice of this Debt Ordinance is hereby directed.

Section 13.02. Debt Ordinance A Contract. This Debt Ordinance shall be a contract with the Registered Owners, from time to time, of the Bonds.

Section 13.03. Inconsistencies. All prior ordinances, resolutions, or other official acts or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Section 13.04. Statutory References. All references to specific provisions of statutory law herein contained may be read and interpreted by reference to amended, successor or replacement laws, but only to the extent consistent with the intent and clear meaning of this Debt Ordinance. All inconsistencies shall be resolved with recognition of, and in favor of, the rights of the owners of the Bonds, whose rights shall not be impaired.

Section 13.05. Benefitted Parties. Nothing in this Debt Ordinance, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Local Government Unit, the Sinking Fund Depository, the Registered Owners of the Bonds (and the Insurer, if any), any right, remedy or claim under or by reason of this Debt Ordinance or any covenant, condition or stipulation hereof; and all of the covenants, stipulations, promises and agreements in this Debt Ordinance contained by and on behalf of the Local Government Unit shall be for the sole and exclusive benefit of such persons.

Section 13.06. Severability. If any one or more of the covenants or agreements provided in this Debt Ordinance on the part of the Local Government Unit or the Sinking Fund Depository to be performed shall for any reason be held to be illegal or invalid or otherwise contrary to law, then such covenant or covenants or agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements, but shall in no way otherwise affect.

Section 13.07. No Personal Liability. No covenant or agreement contained in the Bonds or in this Debt Ordinance shall be deemed to be the covenant or agreement of any member, officer, agent, attorney or employee of the Local Government Unit in his individual capacity, and neither the members of the Governing Body nor any Designated Officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 13.08. Counterparts. This Debt Ordinance may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; but such counterparts shall constitute but one and the same instrument.

--END OF ARTICLE 13--

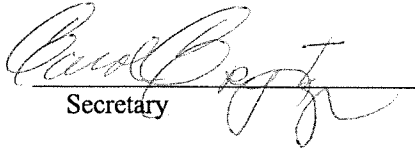
DULY ADOPTED by the Governing Body of the Local Government Unit, in lawful session assembled, on March 6, 2023.

[SEAL]

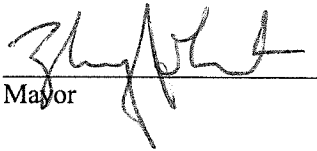
BOROUGH OF FREEPORT

By: 
President, Borough Council

Attest:


Secretary

APPROVED BY:


Mayor