

OFFICE OF THE CHIEF CLERK

COUNTY OF BUCKS,

Pennsylvania

ORDINANCE NO. 137

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December 15, 2010

AN ORDINANCE

OF THE BOARD OF COMMISSIONERS OF THIS COUNTY AUTHORIZING THE INCURRING OF LEASE RENTAL INDEBTEDNESS IN A MAXIMUM AGGREGATE AMOUNT OF FOURTEEN MILLION DOLLARS (\$14,000,000) PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT OF THE COMMONWEALTH OF PENNSYLVANIA, TO BE EVIDENCED BY A GUARANTY OF BONDS TO BE ISSUED BY THE REDEVELOPMENT AUTHORITY OF THE COUNTY OF BUCKS; APPROVING THE FORM OF A GUARANTY AGREEMENT BY AND AMONG THIS COUNTY, AS GUARANTOR, SAID AUTHORITY, LOWER BUCKS HOSPITAL, AND THE TRUSTEE FOR SAID BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF SAID GUARANTY AGREEMENT AND AUTHORIZING EXECUTION AND DELIVERY THEREOF; PROVIDING THAT THIS COUNTY SHALL GUARANTY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; SPECIFYING THE MAXIMUM AMOUNTS OF THE GUARANTY OBLIGATIONS OF THIS COUNTY PURSUANT TO SAID GUARANTY AGREEMENT AND THE SOURCE OF PAYMENT OF SUCH GUARANTY OBLIGATIONS; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS COUNTY IN SUPPORT OF SUCH GUARANTY OBLIGATIONS; PROVIDING FOR PROPER OFFICERS OF THIS COUNTY TO TAKE ALL REQUIRED OR DESIRABLE RELATED ACTION AND TO EXECUTE ALL OTHER REQUIRED OR DESIRABLE DOCUMENTS; AUTHORIZING PROCEEDINGS FOR THE APPROVAL OF SUCH LEASE RENTAL DEBT PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT; PROVIDING FOR THE EFFECTIVENESS OF THIS ORDINANCE; AND REPEALING ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

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WHEREAS, This County is a body corporate and politic established and existing under the Constitution and laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a "local government unit" under provisions of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act") of the Commonwealth; and

WHEREAS, The Redevelopment Authority of the County of Bucks (the "Authority") is a body corporate and politic organized and existing under the Pennsylvania Urban Redevelopment Law, Act of May 24, 1945, as amended and supplemented (the "Act"); and

WHEREAS, Lower Bucks Hospital (the "Hospital") is a nonprofit corporation duly organized, existing under, and in good standing under the laws of the Commonwealth; and

WHEREAS, The Authority proposes to issue a series of guaranteed revenue bonds in the maximum aggregate principal amount of \$14,000,000 (as hereinafter further defined, the "2011 Bonds") pursuant to a Trust Indenture (the "Indenture") between the Authority and the trustee named therein (the "Trustee"); and

WHEREAS, The County has determined to undertake a project (the "Project") which shall include the incurring of lease rental indebtedness and the guarantee of the 2011 Bonds, the proceeds of which will be used for: (i) the payment of the costs of acquiring all or a portion of the real property of the Hospital and the improvements thereon (the "Acquired Property"); (ii) funding of necessary reserves; and (iii) funding the costs of issuing bonds to finance the foregoing; and

WHEREAS, it is anticipated that pursuant to a lease or other agreement (the "Agreement"), the Authority will lease, or otherwise transfer property rights or interests in, the Acquired Property to the Hospital; and

WHEREAS, Pursuant to Section 13A63 of Act 1 of 2010, signed January 7, 2010, certain gaming revenues are distributed to the County quarterly for distribution as grants to the Hospital (the "Gaming Revenues"), and, in consideration of the Agreement, the County and Hospital have determined to make all or a portion such revenues available for the payment of Debt Service (defined in the Guaranty Agreement (defined below)); and

WHEREAS, the payment obligations under the Agreement which secure the 2011 Bonds shall not be general obligations of either the Hospital or the Authority but shall be limited obligations payable solely from Gaming Revenues (which are anticipated to be sufficient to pay the Debt Service (defined in the Guaranty Agreement) on the 2011 Bonds); and

WHEREAS, in order to facilitate the issuance of the 2011 Bonds by the Authority, this County desires to enter into a Guaranty Agreement by and among this County, the Authority, the Hospital and the Trustee on behalf of the holders of the 2011 Bonds (as hereinafter further defined, the "Guaranty Agreement") and to approve the Authority's lease of (or other transfer of property rights or interests in) the Acquired Property to the Hospital; and

WHEREAS, The Board of County Commissioners has determined that the undertaking of the Project is in the best interests of this County and its residents; and

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of County Commissioners, as follows:

SECTION 1. This County determines to incur debt, which shall be lease rental debt of this County pursuant to the Debt Act, to be evidenced by the guaranty of payment of principal and interest on the 2011 Bonds (as defined below) of the Authority; and hereby declares that such lease rental debt is within the limitations imposed by law upon the incurring of debt by this County.

SECTION 2. This County has determined the estimated cost of the project to be financed with the proceeds of the 2011 Bonds based upon realistic costs estimates prepared by persons qualified by experience, and specifies that a realistic estimated useful life of the Acquired Property is at least twenty five (25) years all in accordance with the Debt Act.

SECTION 3. Such debt shall be in the maximum aggregate principal amount of \$14,000,000, and shall be evidenced by a guaranty of the principal of and interest on obligations to be issued by the Authority under the Act that shall consist of a series of guaranteed revenue bonds, to be known generally as "Revelopment Authority of the County of Bucks (Lower Bucks Hospital), Guaranteed Revenue Bonds, Series of 2011", or similar designation (the "2011 Bonds"), which 2011 Bonds shall have the benefit of and shall be secured by the guaranty obligations of this County pursuant to the Guaranty Agreement (defined below).

SECTION 4. This County, as guarantor, shall enter into a Guaranty Agreement (the "Guaranty Agreement"), substantially in the form referred to in Section 5, with the Authority, the Hospital and the Trustee, under terms and provisions of which Guaranty Agreement this County shall guaranty, unconditionally, for the benefit of the holders, from time to time, of the 2011 Bonds, full and prompt payment of Debt Service (defined in the Guaranty Agreement), to the extent provided in the Guaranty Agreement, as such shall be due and payable with respect to the 2011 Bonds.

The Guaranty Agreement shall be for the life of the 2011 Bonds and shall set forth terms, conditions, provisions, covenants, and agreements to be observed by this County, the Authority, the Hospital and the Trustee in relation to the Project and the 2011 Bonds.

SECTION 5. The Guaranty Agreement shall be substantially in the form attached hereto, which form is hereby approved; and a copy of the Guaranty Agreement shall be filed with the Chief Clerk and shall be made available for inspection at reasonable times by interested persons requesting such inspection.

SECTION 6. The Chairman, Vice Chairman, Chief Clerk, Controller, Treasurer, and/or Director of Finance of this County (the "Authorized Officers"), as appropriate, are authorized and directed to prepare, to certify, and to file the debt statement, as such phrase is defined in the Debt Act, required by 8002 and Section 8110 of the Debt Act, on behalf of this County and a borrowing base certificate for this County, to be appended to such debt statement, as required by the Debt Act, and, if desired, any statements required by the Debt Act necessary to qualify all or any portion of the indebtedness for exclusion from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 7. One or more Authorized Officers, as appropriate, are authorized and directed to execute, to attest, to acknowledge, and to deliver the Guaranty Agreement, on behalf of this County, substantially in the form approved in Section 5, with such modifications and completions from such form as may be approved by said officers, which approval shall be conclusively evidenced by the execution thereof as aforesaid; subject, however, to applicable provisions of the Debt Act.

SECTION 8. One or more Authorized Officers, as appropriate, are authorized and directed to make application to the Department of Community and Economic Development of the Commonwealth (the "Department") for approval with respect to the Guaranty Agreement, as required by the Debt Act and, as applicable, for approval with respect to the exclusion of such lease rental debt as self-liquidating debt or subsidized debt, in connection with such application, this County shall pay or cause to be paid to the Department the filing fee required by the Department, the payment of which filing fee is authorized and approved.

SECTION 9. The maximum guaranty obligations of this County, with respect to the 2011 Bonds, as set forth in the Guaranty Agreement in the form referred to in Section 5, which shall be payable, if and as necessary, semiannually, shall be as are set forth in Exhibit A which is attached hereto and made part hereof.

The phrase "Fiscal Year," as provided in the Guaranty Agreement shall mean the fiscal year of this County.

SECTION 10. The guaranty obligations of this County, as set forth herein, shall be payable from the tax and other general revenues of this County.

SECTION 11. This County shall covenant in the Guaranty Agreement and does hereby covenant to and with the Trustee, the Authority, the Hospital and the holders of the 2011 Bonds that shall be Outstanding, as such term is defined in the Indenture, that this County: (1) shall include the Debt Service (defined in the Guaranty Agreement) payable in respect of its guaranty pursuant to the Guaranty

Agreement, for each Fiscal Year in which such sums are payable in its budget for that Fiscal Year; (2) shall appropriate such amounts from its tax or other general revenues for payment to the Trustee of its obligations under the Guaranty Agreement; and (3) shall duly and punctually pay or cause to be paid from its sinking fund (hereinafter referred to) or any other of its revenues or funds the amount payable in respect of such guaranty, at the dates and place and in the manner provided in the Guaranty Agreement, according to the true intent and meaning thereof; and for such budgeting, appropriation and payment in respect of such guaranty, this County shall and does pledge, irrevocably, its full faith, credit and taxing power. The foregoing covenants of this County shall be enforceable specifically.

For the purposes of complying with the foregoing covenant, this County covenants that it shall budget an amount equal to the Debt Service with respect to the 2011 Bonds for the Fiscal Years in which such amounts are payable (not to exceed the amounts set forth in Exhibit A), and shall appropriate and shall pay over to the Trustee such amounts; subject, however, to provisions of the Guaranty Agreement with respect to credit for certain sums that shall be available for such Debt Service under the Indenture, all as more fully set forth in the Guaranty Agreement.

This County also shall covenant in the Guaranty Agreement and does hereby covenant that, to the extent sufficient money shall not be available in its then current budget at any time when payments are required under the Guaranty Agreement, and if it shall be unable to incur debt lawfully in the current year for the purpose or to issue tax anticipation notes or otherwise to satisfy its obligations under the Guaranty Agreement, it shall include any amounts so payable by it in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid its obligations incurred under the Guaranty Agreement, in the manner therein stated, according to the true intent and meaning thereof.

If a "sinking fund," as such phrase is defined or applied in the Debt Act, is required with respect to the County's obligations under the Guaranty Agreement, the Trustee shall be the "sinking fund depository" and "paying agent," as such phrases are defined or applied in the Debt Act, to the extent necessary with respect to obligations of this County under the Guaranty Agreement.

SECTION 13. The County hereby approves the Authority's lease of, or other transfer of property rights or interests in, the Acquired Property to the Hospital, and approves the conveyance by the Authority of the Acquired Property back to the Hospital at the end of the agreed upon term.

SECTION 14. Proper Authorized Officers are authorized and directed to execute all documents (including, but not limited to, the Agreement and/or any other agreement that may be necessary for the pledge, assignment, allocation, transfer and/or other disposition of Gaming Revenues to make all or a

portion of such revenues available for the payment of Debt Service (defined in the Guaranty Agreement) on the 2011 Bonds), and to do all other acts as may be necessary and proper, including, but not limited to, the approval or execution of all documents necessary to carry out the intent and purpose of this Ordinance and the undertakings of this County under the Guaranty Agreement.

SECTION 15. Reference in this Ordinance to specified officers of this County shall include and shall be construed to include, if and as applicable, their respective successors in office.

SECTION 16. This Ordinance shall become effective in accordance with provisions of the Debt Act.

SECTION 17. In the event any provision, section, sentence, clause, or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause, or part of this Ordinance, it being the intent of this County that such remainder shall be and shall remain in full force and effect.

SECTION 18. All ordinances or parts of ordinances that are inconsistent herewith shall be and the same expressly are repealed.

DULY ENACTED AND ORDAINED, this 15th day of December, 2010, by the Board of Commissioners of the County of Bucks, Pennsylvania, in lawful session duly assembled.

COUNTY OF BUCKS,  
Pennsylvania

By:

ATTEST:

Chief Clerk

(SEAL)

By:

By: \_\_\_\_\_

EXHIBIT "A"

DATE	SEMI-ANNUAL OBLIGATIONS	ANNUAL OBLIGATIONS
6/15/2011	\$350,000.00	
12/15/2011	525,000.00	\$875,000.00
6/15/2012	525,000.00	
12/15/2012	625,000.00	1,150,000.00
6/15/2013	521,250.00	
12/15/2013	871,250.00	1,392,500.00
6/15/2014	508,125.00	
12/15/2014	1,033,125.00	1,541,250.00
6/15/2015	488,437.50	
12/15/2015	1,038,437.50	1,526,875.00
6/15/2016	467,812.50	
12/15/2016	1,042,812.50	1,510,625.00
6/15/2017	446,250.00	
12/15/2017	1,046,250.00	1,492,500.00
6/15/2018	423,750.00	
12/15/2018	1,053,750.00	1,477,500.00
6/15/2019	400,125.00	
12/15/2019	1,060,125.00	1,460,250.00
6/15/2020	375,375.00	
12/15/2020	1,065,375.00	1,440,750.00
6/15/2021	349,500.00	
12/15/2021	1,074,500.00	1,424,000.00
6/15/2022	322,312.50	
12/15/2022	1,087,312.50	1,409,625.00
6/15/2023	293,625.00	
12/15/2023	1,098,625.00	1,392,250.00
6/15/2024	263,437.50	
12/15/2024	1,113,437.50	1,376,875.00
6/15/2025	231,562.50	
12/15/2025	1,126,562.50	1,358,125.00
6/15/2026	198,000.00	
12/15/2026	1,143,000.00	1,341,000.00
6/15/2027	162,562.50	
12/15/2027	1,162,562.50	1,325,125.00
6/15/2028	125,062.50	
12/15/2028	1,180,062.50	1,305,125.00
6/15/2029	85,500.00	
12/15/2029	1,195,500.00	1,281,000.00
6/15/2030	43,875.00	
12/15/2030	<u>1,213,875.00</u>	<u>1,257,750.00</u>
TOTALS	\$27,338,125.00	\$27,338,125.00

EXHIBIT "B"

FORM OF

GUARANTY AGREEMENT

Dated as of \_\_\_\_\_, 2011,

Between

COUNTY OF BUCKS,  
Pennsylvania,  
as Guarantor,

and

REDEVELOPMENT AUTHORITY OF THE COUNTY OF BUCKS

and

LOWER BUCKS HOSPITAL

and

\_\_\_\_\_,  
\_\_\_\_\_, Pennsylvania,  
as Trustee,

With Respect To  
Revelopment Authority of the County of Bucks  
(Lower Bucks Hospital)  
Guaranteed Revenue Bonds, Series of 2011,  
Dated as of \_\_\_\_\_, 2011

## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 2011 (the "Guaranty"), but effective as of the date of execution and delivery hereof, among the COUNTY OF BUCKS, Pennsylvania, a body corporate and politic established and existing under the Constitution and laws of the Commonwealth of Pennsylvania, as guarantor (the "County"), the REDEVELOPMENT AUTHORITY OF THE COUNTY OF BUCKS, a body corporate and politic existing under the Pennsylvania Urban Redevelopment Law, Act of May 24, 1945, as amended and supplemented (the "Authority"), LOWER BUCKS HOSPITAL (the "Hospital"), a nonprofit corporation duly organized, existing under, and in good standing under the laws of the Commonwealth of Pennsylvania, and \_\_\_\_\_, (the "Trustee").

### WITNESSETH:

WHEREAS, the Authority proposes to issue its Redevelopment Authority of the County of Bucks (Lower Bucks Hospital) Guaranteed Revenue Bonds, Series of 2011 (the "2011 Bonds"), in an aggregate principal amount not to exceed of \$14,000,000 to be issued pursuant to a Trust Indenture, dated as of \_\_\_\_\_, 2011, between the Authority and the Trustee, and as the same may hereafter be amended from time to time (collectively, the "Indenture"), and pursuant to provisions of a resolution or resolutions of the Authority; and

WHEREAS, The County has determined to undertake a project (the "Project") which shall include the incurring of lease rental indebtedness and the guarantee of the 2011 Bonds, the proceeds of which will be used for: (i) the payment of the costs of acquiring all or a portion of the real property of the Hospital and the improvements thereon; (ii) funding of necessary reserves; and (iii) funding the costs of issuing bonds to finance the foregoing; and

WHEREAS, pursuant to Section 13A63 of Act 1 of 2010, signed January 7, 2010, certain gaming revenues are distributed to the County quarterly for distribution as grants to the Hospital (the "Gaming Revenues"), and the County and Hospital have determined to make all or a portion of such revenues available for the payment of Debt Service (hereinafter defined) on the 2011 Bonds; and

WHEREAS, the \_\_\_\_\_ will enter into a \_\_\_\_\_ (the "Agreement") relating to the Gaming Revenues to be made available to the Hospital and/or Authority in amounts expected to be sufficient to pay the Debt Service (hereinafter defined) on the 2011 Bonds; and

WHEREAS, the payment obligations under the Agreement which secure the 2011 Bonds shall be limited obligations payable solely from Gaming Revenues and shall not be general obligations of either the Hospital or the Authority; and

WHEREAS, the Board of Commissioners have determined, among other things, that the undertaking of the Project is in the best interests of the County and its residents; and

WHEREAS, in order to facilitate the Authority's issuance of the 2011 Bonds, the County desires to enter into this Guaranty Agreement with respect to the 2011 Bonds, as permitted by and in accordance with the terms and conditions of the Debt Act (hereinafter defined); and

WHEREAS, the parties hereto desire to set forth the terms and conditions under and pursuant to which the 2011 Bonds shall be guaranteed by the County and related matters.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, and intending to be legally bound hereby, the parties agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Terms and Phrases. In addition to the terms and phrases which may be elsewhere defined in this Guaranty, terms and phrases defined in this Section 1.01, for all purposes of this Guaranty, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

“Act” shall mean the Pennsylvania Urban Redevelopment Law, Act of May 24, 1945, as amended and supplemented from time to time.

“Board” shall mean, at any given time, the governing body of the Authority.

“Board of Commissioners” shall mean the governing body of the County.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Debt Act” shall mean the Act of the General Assembly of the Commonwealth known as the Local Government Unit Debt Act, 53 Pa. C.S.A. § 8001 *et seq.*, as re-enacted, amended and supplemented from time to time.

“Debt Service” shall mean, with respect to any Fiscal Year, the sum of the following: (a) amounts required to pay principal of, premium, if any, and interest on the 2011 Bonds (which is not to be paid from amounts on deposit in any sinking fund or redemption, retirement or similar fund or account) during such Fiscal Year; and (b) amounts required to be deposited in such Fiscal Year to the credit of any sinking fund established for the 2011 Bonds.

“Debt Service Account” shall mean the Debt Service Account of the Debt Service Fund created under the Indenture.

“Debt Service Fund” shall mean the Debt Service Fund created under the Indenture.

“Debt Service Reserve Account” shall mean the Debt Service Reserve Account of the Debt Service Reserve Fund established under the Indenture into which shall be deposited an amount equal to the Debt Service Reserve Requirement (as that phrase is defined in the Indenture) of the 2011 Bonds.

“Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund established under the Indenture.

“Fiscal Year” shall mean the fiscal year of the County as provided by laws of the Commonwealth.

“Guaranty” shall mean this agreement and all modifications, alterations, amendments, and supplements hereto made and delivered in accordance with the provisions hereof, which phrase sometimes is referred to in this document by use of such words as “hereto,” “hereby,” “herein,” “hereof,” or “hereunder.”

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF THE COUNTY

SECTION 2.01. Representations and Warranties. The County represents and warrants that:

A. The County is a body corporate and politic established and existing under the Constitution and laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a "local government unit" under provisions of the Debt Act;

B. The County possesses all requisite power and authority under laws of the Commonwealth to enter into and to perform all the covenants and agreements set forth in this Guaranty;

C. The County has duly authorized all necessary action on its part to enter into this Guaranty, pursuant to proper and necessary official action of its Board of Commissioners in accordance with laws of the Commonwealth;

D. The County, in entering into this Guaranty, is acting in the public interest by assisting the Authority and the Hospital in the provision of health care to the the citizens and taxpayers of the County, and by assisting in the preservation and protection of the general health and welfare of inhabitants of the County and of the Commonwealth; and

E. The County, in entering into this Guaranty, is incurring lease rental debt pursuant to the terms and conditions of the Debt Act; and the County has taken all proper proceedings pursuant to the Debt Act and has obtained all approvals required to be obtained in connection with the execution and delivery of this Guaranty.

## ARTICLE III

### COVENANTS AND AGREEMENTS OF THE AUTHORITY, THE HOSPITAL AND THE COUNTY

SECTION 3.01. Full and Prompt Payment. The County hereby guarantees, unconditionally and irrevocably, to the Trustee for the benefit of registered owners, from time to time, of the 2011 Bonds, the full and prompt payment of the Debt Service when and as such shall be due and payable, in accordance with the terms and conditions of this Guaranty. The Debt Service to be guaranteed by the County pursuant to this Guaranty is set forth in Exhibit "A," attached hereto and incorporated herein. Nothing contained in this Guaranty shall in any way be construed to imply that the County shall be or become liable or responsible for any other debt or obligation of the Authority or the Hospital.

SECTION 3.02. Costs, Fees, Expenses and Charges. Except as may be expressly provided herein or elsewhere, the County shall not be responsible or liable to the Authority, the Hospital or the Trustee for the payment of any other costs, fees, expenses or charges arising in connection with the issuance and sale of the 2011 Bonds, or the enforcement of any rights of the Authority or the Hospital against any other person.

SECTION 3.03. Manner of Payment. All payments required to be made by the County under this Guaranty shall be made in lawful money of the United States of America at the designated corporate trust office of the Trustee and at the times specified in the 2011 Bonds for the payment of Debt Service on the 2011 Bonds.

SECTION 3.04. Separate Causes of Action. Each and every default in payment of Debt Service shall give rise to a separate cause of action under this Guaranty and separate suits may be instituted pursuant to this Guaranty, from time to time, as each cause of action shall arise.

SECTION 3.05. Amounts to be Included in Budget. The County covenants to and with the Trustee, the Authority, the Hospital and the registered owners, from time to time, of the 2011 Bonds that the County shall (a) include the amounts payable in respect of this Guaranty less the amount on deposit in the Debt Service Reserve Account of the Debt Service Reserve Fund on November 1 of the immediately preceding Fiscal Year for each Fiscal Year in which such sums are payable in its budget for that Fiscal Year, and (b) appropriate such amounts from its general revenues for payment to the Trustee of its obligations hereunder, and (c) duly and punctually pay or cause to be paid from any of its revenues or funds to the Trustee such amounts, payable in respect of this Guaranty, at the times and in the manner provided for herein, at the designated corporate trust office of the Trustee, according to the true intent and meaning hereof. For such budgeting, appropriation and payment, the County pledges its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the County.

On October 15, 2011 and on October 15 of each Fiscal Year thereafter if the 2011 Bonds are issued and outstanding on such dates, the Trustee shall give written notice to the County and the Authority of any deficiency which shall exist in the Debt Service Reserve Account of the Debt Service Reserve Fund, and, unless the Authority shall satisfy such deficiency on or before November 1 of such Fiscal Year, the County forthwith shall include in its budget an amount equal to the difference between: (a) the Debt Service to be paid on the 2011 Bonds for such succeeding Fiscal Year; and (b) the amount on deposit in the Debt Service Reserve Account of the Debt Service Reserve Fund on such November 1. (If between October 15 of such Fiscal Year and November 1 of such Fiscal Year the Authority partially satisfies such deficiency, the Trustee shall provide written notice of the remaining balance of such deficiency to the County on November 1 of such Fiscal Year.)

At any time when payments are required to be made by the County hereunder, to the extent that sufficient money shall not be available in the County's then current budget, and if the County shall be unable to incur debt lawfully in the current Fiscal Year for the purpose of paying such Debt Service or to issue tax anticipation notes or otherwise to satisfy its obligations hereunder, the County shall include any amounts so payable in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid the obligations incurred hereunder in the manner herein stated according to the true intent and meaning hereof, and for such budgeting, appropriation and payment the County does pledge its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the County.

SECTION 3.06. Authority to Establish and Maintain Debt Service Reserve Account of the Debt Service Reserve Fund. The Authority covenants and agrees to establish and maintain a Debt Service Reserve Account of the Debt Service Reserve Fund as more fully set forth in the Indenture. The Trustee shall promptly notify the County, the Authority and the Hospital in writing of any transfers or withdrawals which may be made from the Debt Service Reserve Account of the Debt Service Reserve Fund for the purpose of making payment of Debt Service at any time due or to become due on the 2011 Bonds. In addition, in order to facilitate the budgeting of any deficiencies by the County, as provided in Section 3.05 hereof, the Authority agrees to cause the Trustee, in addition to the other requirements imposed on the Trustee pursuant to the Indenture, on October 26 of each Fiscal Year, to value the Debt Service Reserve Account of the Debt Service Reserve Fund in accordance with the provisions of the Indenture and to notify the Authority and the Hospital of such value.

SECTION 3.07. Authority to Provide Certificate. The Authority covenants and agrees that on October 26, 2011, if the 2011 Bonds are issued and outstanding on such date, and on October 26 of each

Fiscal Year thereafter, the Authority will prepare and deliver written notice to the County in a certificate stating: (i) the value of the Debt Service Reserve Account of the Debt Service Reserve Fund, as calculated by the Trustee in accordance with the provisions of the foregoing Section 3.06 and with the provisions of the Indenture (a copy of the Trustee's valuation shall be included with said certificate); and (ii) either: (a) that no deficiency exists in the Debt Service Reserve Account of the Debt Service Reserve Fund and therefore, in accordance with the provisions of this Guaranty, the County, in preparing its budget for the next succeeding Fiscal Year, need not include in such budget any part of Debt Service on the 2011 Bonds; or (b) that a deficiency exists in the Debt Service Reserve Account of the Debt Service Reserve Fund (in which event, said certificate shall state the amount of such deficiency, shall state that all other available money in funds created under the Indenture have been transferred to the Debt Service Reserve Account of the Debt Service Reserve Fund, in accordance with the terms of the Indenture, and shall state that the County should include in its budget all of the deficiency in accordance with the terms and conditions hereof).

SECTION 3.08. Obligations of County Absolute and Unconditional. The obligations of the County under this Guaranty shall be absolute, irrevocable and unconditional, irrespective of any other agreement or instrument to which the County shall be a party, and shall remain in full force and effect until all Debt Service during each Fiscal Year in which the 2011 Bonds remain outstanding shall have been paid or shall have been provided for in accordance with of the Indenture, and such obligations of the County shall not be affected, modified, diminished or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following (whether or not with notice to or the consent of the County in accordance with the provisions hereof) unless such notice or consent is required hereunder:

A. The failure of the Authority or the Hospital otherwise to perform any obligation contained in this Guaranty or in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, the occurrence of an insufficiency of funds, negligence, or willful misconduct on the part of the Authority, the Hospital or their agents, employees, or independent contractors, legal action of any nature which shall prohibit the operations of the Authority or the Hospital or delay the Project, labor disputes, war, insurrection, natural catastrophe, or laws, rules, or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The failure of the Authority or the Hospital to give notice to the County of the occurrence of a default under terms and provisions of this Guaranty, the Agreement, or the Indenture;

C. The validity, enforceability or termination of the Agreement or the Indenture;

D. The failure of the County to be reimbursed for any amounts paid under the Guaranty;

E. The neglect or failure of the Authority or the Hospital to exercise or to preserve any rights or rights of action against any party, person or property;

F. The failure of the Authority or the Hospital to have enforced, on prior appropriate occasions, any right or right of action against any party, person, or property;

G. The compromise, settlement, release, alteration, indulgence, or any other change or modification of any obligation or liability of the Authority or the Hospital under the Agreement or the Indenture, regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised, or otherwise changed;

H. The waiver of the payment, performance, or observance by the Authority, the Hospital or the County of any obligations, covenants, or agreements contained in this Guaranty;

I. The extension of the time for payment of the Debt Service on the 2011 Bonds or any part thereof owing or payable under this Guaranty or of the time for performance of any other obligations, covenants, or agreements under or arising out of this Guaranty;

J. The taking of, or the omission to take, any action referred to in the Agreement, the Indenture or this Guaranty;

K. Any failure, omission, or delay on the part of the Authority or the Hospital to enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Authority or the Hospital, respectively, hereunder or under the Agreement or the Indenture, or to enforce, to assert or to exercise any other, or rights on the part of the Authority, the Hospital or any owner, at any time or from time to time, of the 2011 Bonds;

L. The voluntary or involuntary liquidation, dissolution, sale, or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors, or readjustments, or other similar proceedings relating to the County, the Authority or the Hospital or any of the assets of either, or any allegation or contest of the validity of this Guaranty in any such proceeding;

M. The release or discharge of the County, to the extent permitted by law, from performance or observance of any obligation, covenant, or agreement contained in this Guaranty, by operation of law;

N. The default or failure of the County fully to perform any of its obligations set forth in this Guaranty; or

Q. Any failure by the Authority or the Hospital to comply with any of the covenants, agreements or undertakings set forth herein or any breach by the Authority or the Hospital of any representation or warranty set forth herein, in the Agreement or in the Indenture.

SECTION 3.09. Obligations of County Not Affected by Bankruptcy, etc. The obligations of the County hereunder shall not be affected by any bankruptcy, arrangement of creditors, reorganization, or other similar proceedings of the Authority, the Hospital or the County; and, to the extent applicable, the County specifically waives any right or benefit which could accrue to it by reason of any such proceeding and agrees that the same shall not affect the liability of the County hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority or the Hospital.

SECTION 3.10. Obligations of County Not Subject to Setoff, Counterclaims, etc. The obligations of the County hereunder shall not be subject to any setoff, counterclaim or defense resulting from any breach or any alleged breach by the Authority or the Hospital of any obligation to the County, whether said obligation arises under this Guaranty or from any other transaction between the Authority, the Hospital and/or the County, regardless of the nature of such transaction, or otherwise.

SECTION 3.11. Trustee Authorized to Proceed. In the event of a default in payment of Debt Service on the 2011 Bonds when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration or by redemption, the Trustee may proceed, and if requested to do so by owners of 25% in aggregate principal amount of the 2011 Bonds then outstanding the Trustee shall be obligated to proceed, hereunder directly against the County without proceeding against or exhausting any other remedies which it may have against the Authority or the Hospital or their assets.

Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond shall be furnished by such owners for the reimbursement of all reasonable costs and expenses which it

may incur and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any actions so taken.

The County agrees to pay all costs, fees and expenses, including, to the extent permitted by law, all court costs and reasonable attorney fees and expenses which may be incurred by the Trustee in enforcing or attempting to enforce this Guaranty against it, following any default on the part of the County hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 3.12. Waiver of Notice of Reliance. The County expressly waives notice, in writing or otherwise, from the registered owners, at any time or from time to time, of any of the 2011 Bonds of their acceptance and reliance upon this Guaranty.

SECTION 3.13. Enforcement by Third Parties. This Guaranty is entered into by the County for the benefit of any registered owners, from time to time, of the 2011 Bonds, all of whom shall be entitled to enforce performance and observance hereof by the County to the same extent as if they were parties signatory hereto, in accordance with the laws of the Commonwealth.

SECTION 3.14. Separate or Cumulative Enforcement. Terms of this Guaranty may be enforced as to any one or more breaches, either separately or cumulatively.

SECTION 3.15. Payment by County.

(a) So long as any 2011 Bonds shall be issued and outstanding, in the event that, as provided in the Indenture, \_\_\_\_ days prior to any \_\_\_\_\_ or any \_\_\_\_\_ after the Trustee shall have transferred or calculated the amount available to be transferred, as appropriate, to the Debt Service Account of the Debt Service Fund, all available money in the Clearing Account of the Clearing Fund (as defined in the Indenture) and the Debt Service Reserve Account of the Debt Service Reserve Fund, if the Trustee shall determine that there still are not sufficient funds on deposit in the Debt Service Account of the Debt Service Fund to pay principal of and interest on the 2011 Bonds on the next succeeding applicable Interest Payment Date (as defined in the Indenture), the Trustee shall immediately give written notice of such deficiency to the Authority, to the Hospital and to the County, which notice shall specify the amount of the deficiency in such Debt Service Account of the Debt Service Fund, shall specify the balances in each fund and account under the Indenture and shall instruct the County to make deposit with the Trustee of the specified amounts no later than the next \_\_\_\_\_ or \_\_\_\_\_ as appropriate, so that the Trustee shall be able to make payments of principal and interest on the 2011 Bonds, as scheduled on the next Interest Payment Date.

(b) To the extent that it makes any payments of Debt Service on the 2011 Bonds, the County shall become subrogated to all right, title, and interest of the person receiving such payments.

SECTION 3.16. Discharge of Obligations. Anything contained in this Guaranty to the contrary notwithstanding, except as provided herein with respect to expenses incurred in connection with the enforcement hereof, the obligations of the County hereunder shall be satisfied in full and discharged when (a) the principal and interest on the 2011 Bonds have been paid or provided for as specified in the 2011 Bonds and the Indenture, and (b) the 2011 Bonds shall have been discharged in accordance with their terms.

## ARTICLE IV

### MISCELLANEOUS

SECTION 4.01. Increased Obligations Of County; Amendment. No amendment, change, modification, alteration, or termination of the 2011 Bonds shall be effective which would in any way increase obligations of the County under this Guaranty, without obtaining the prior written consent of the County (such consent to be given by the County pursuant to an ordinance duly enacted by the Board of Commissioners).

SECTION 4.02. Time When Obligations Arise. The obligations of the County hereunder shall arise absolutely, irrevocably, and unconditionally when the 2011 Bonds shall have been issued, sold, and delivered by the Authority.

SECTION 4.03. Authority and Hospital to Punctually Perform. The Authority and Hospital each covenants with the County that it will duly and punctually perform every covenant and agreement undertaken by it under the 2011 Bonds, the Agreement and the Indenture, as applicable.

SECTION 4.04. Remedies. In the event of default by the County in the punctual discharge of its obligations hereunder, the Authority, the Hospital and the Trustee shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies which otherwise may be provided at law or in equity or by other statutes.

SECTION 4.05. Cumulative Remedies; Waiver. No remedy conferred upon or reserved to the Authority, the Hospital or the Trustee hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised, from time to time, and as often as may be deemed expedient. In order to entitle the Authority, the Hospital or the Trustee to exercise any remedy reserved in this Guaranty, it shall not be necessary to give any notice, other than such notice as herein expressly may be required. In the event any provision contained in this Guaranty should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release, or modification hereof shall be established by conduct, custom or course of dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties. Notwithstanding any other provision hereof to the contrary, no recourse shall be had for the payment of the principal of, premium, if any, or interest on the 2011 Bonds, or for any claim based hereon or on the Ordinance of the County authorizing and approving the execution and delivery of this Guaranty, against any member, officer or employee, past, present or future, of the County or of any successor body, as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Guaranty.

SECTION 4.06. Entire Agreement; Multiple Counterparts. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; and this Guaranty may be executed, simultaneously, in multiple counterparts, each of which counterparts, together, shall constitute but one and the same instrument.

SECTION 4.07. Severability. The provisions of this Guaranty shall be severable; and in the event of the invalidity or unenforceability of any one or more phrases, sentences, clauses, Articles, Sections or parts contained in this Guaranty, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Guaranty or any remaining parts thereof.

SECTION 4.08. Amendment. This Guaranty may be amended or supplemented, from time to time, by a written document duly executed by the parties hereto; provided, however, that no amendment or supplement shall be made which shall diminish or discontinue the obligations of the County hereunder.

SECTION 4.09. Choice of Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the Commonwealth.

[SIGNATURE PAGE FOLLOWS.]

[SIGNATURE PAGE 1 OF 1 TO GUARANTY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto, each intending be legally bound, pursuant to proper authorization of their respective governing bodies, each causes this Guaranty to executed by its respective duly authorized officer or officers and to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Guaranty, all as of the day and year first above written.

COUNTY OF BUCKS,  
Pennsylvania

Attest: \_\_\_\_\_  
Chief Clerk

By: \_\_\_\_\_

(SEAL)

By: \_\_\_\_\_

By: \_\_\_\_\_

REDEVELOPMENT AUTHORITY OF THE  
COUNTY OF BUCKS

Attest: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman

(SEAL)

LOWER BUCKS HOSPITAL

Attest: \_\_\_\_\_

By: \_\_\_\_\_

(SEAL)

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
(Assistant) Vice President

Date of Execution and Delivery: \_\_\_\_\_, 2011.

Debt Service Schedule - 2011 Bonds

DATE	Semiannual Obligations	Year	Annual Obligation
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CERTIFICATE

I, the undersigned, Chief Clerk of the County of Bucks, Pennsylvania (the "County"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by the Board of Commissioners of the County, in accordance with law, at a meeting duly held on December 15, 2010, said Ordinance has been certified and recorded by me, as Chief Clerk of the County, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 137; the total number of members of the Board of Commissioners of the County is three (3); the vote of the members of the Board of Commissioners of the County, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Chief Clerk, as follows:

	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
Charles H. Martin	<u>✓</u>	<u>—</u>	<u>—</u>	<u>—</u>
James F. Cawley	<u>✓</u>	<u>—</u>	<u>—</u>	<u>—</u>
Diane M. Ellis-Marseglia	<u>—</u>	<u>—</u>	<u>✓</u>	<u>—</u>

a notice with respect to the intent to enact said Ordinance has been advertised, as required by law, in a newspaper of general circulation in the County; said Ordinance was available for inspection by any interested citizen requesting the same, in accordance with the Pennsylvania Local Government Unit Debt Act and such notice; and said Ordinance has not been amended, altered, or repealed, as of the date of this Certificate.

I further certify that the Board of Commissioners of the County met the advance notice and public comment requirements of the Sunshine Act, Act No. 1986-84 of the General Assembly of the Commonwealth of Pennsylvania, approved July 3, 1986, by advertising said meeting, by posting prominently a notice of said meeting at the principal office of the County or the public building in which said meeting was held, and by providing reasonable opportunity for public comment at said meeting, all in accordance with such Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this 15<sup>th</sup> day of December, 2010.

  
\_\_\_\_\_  
Chief Clerk

(SEAL)