

SMITHFIELD SEWER AUTHORITY

RESOLUTION

1-2004

WHEREAS, Smithfield Sewer Authority (the "Authority") is a municipality authority existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C. S. Ch. 56; and

WHEREAS, This Authority heretofore entered into a Trust Indenture, dated as of September 1, 1993 (the "Indenture"), with Mellon Bank, N.A., as trustee, under which Indenture J. P. Morgan Trust Company, National Association (the "Trustee"), is presently successor trustee, to secure guaranteed sewer revenue bonds of this Authority; and

WHEREAS, This Authority heretofore issued under the Indenture a series of guaranteed sewer revenue bonds, designated as "Smithfield Sewer Authority, Guaranteed Sewer Revenue Bonds, Series of 1993", in the aggregate principal amount of \$8,935,000, dated as of September 1, 1993 (the "Bonds"), a portion of which Bonds presently remains outstanding; and

WHEREAS, The Bonds are the only series of bonds issued and outstanding under the Indenture; and

WHEREAS, This Authority and the Township of Smithfield, Monroe County, Pennsylvania (the "Township"), have determined that the Township shall refinance this Authority's indebtedness represented by the Bonds, to the extent necessary, by issuance by the Township of its General Obligation Bonds, Series of 2004, in the aggregate principal amount of \$9,150,000, dated as of August 1, 2004 (the "Series of 2004 Bonds"), a portion of the proceeds of which Series of 2004 Bonds will be applied, together with other moneys available, inter alia, to payment upon redemption on August 3, 2004, of all then outstanding Bonds.

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

1. This Authority does elect to exercise its option to call for redemption and does call for redemption, as a whole, at the redemption price of 100% of principal amount, together with accrued interest to the date fixed for redemption, the outstanding balance as of August 3, 2004, of the Bonds, being the outstanding Bonds maturing on January 15 of each of the years 2005, 2009 and 2018, respectively, all in accordance with the right and privilege reserved to this Authority in the Bonds and under the Indenture.

The date fixed for redemption of the Bonds so called for redemption is determined and established to be and shall be August 3, 2004.

Such redemption shall be accomplished in the manner and upon terms and conditions provided in the Indenture and shall have the effect provided in the Indenture.

2. This Authority does authorize and direct the Trustee to deliver, by United States mail, postage prepaid, an appropriate Notice of Redemption with respect to the redemption of the Bonds so called for redemption, at the time provided in the Indenture, to each registered owner of the Bonds at the time of such mailing, at such address as shall appear upon the registry books maintained under the Indenture with respect to the Bonds, all as provided in the Indenture.

3. On or before August 3, 2004, this Authority shall deposit or shall cause the Township to deposit with the Trustee an amount of moneys which shall be sufficient to:

(a) effect the redemption on August 3, 2004, of all then outstanding Bonds, including payment of accrued interest; and

(b) pay costs, fees and expenses of the Trustee with respect to the foregoing.

4. Proper officers of this Authority shall comply with all requirements of the Indenture related to the redemption of the Bonds so called for redemption.

5. Upon compliance by this Authority with Paragraphs 3 and 4, respectively, this Authority shall take all action and do all things which shall be necessary or desirable to secure the release of the Indenture and of the lien thereof by the Trustee, including, without intending to limit the generality of the foregoing, making a demand and request to the Trustee: (a) to execute and deliver to this Authority such instruments as shall be requisite to satisfy the lien of the Indenture; (b) to release, cancel and discharge the lien of the Indenture; and (c) to reconvey to this Authority the estate and title conveyed by the Indenture, together with any other property which at the time shall be subject to the lien of the Indenture and which at the time may be in its possession.

This Authority also directs that, at the appropriate time, all appropriate documentation required by the Indenture related to release of the Indenture by the Trustee shall be prepared and delivered to the Trustee by this Authority.

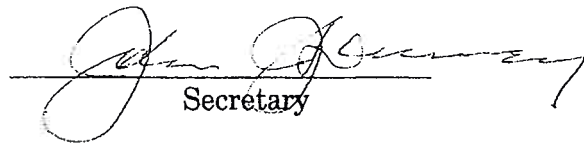
6. The Secretary or Assistant Secretary of this Authority is directed to notify the Trustee of the action taken and authorized in this Resolution by delivering to the Trustee a copy of this Resolution, duly certified by the Secretary or Assistant Secretary under the corporate seal of this Authority.

CERTIFICATE

I, the undersigned, Secretary of the Board of Smithfield Sewer Authority (the "Authority"), certify: that the foregoing is a true and correct copy of a Resolution which duly was adopted by affirmative vote of a majority of all members of the Board of the Authority at a meeting duly held on June 22, 2004, at which meeting a quorum was present, after due notice to the members of the Board of the Authority and to the public and which was at all times open to the public; that said Resolution duly has been recorded in the minute books of the Authority; and that said Resolution is in full force and effect, without amendment, alteration or repeal, as of the date of this Certificate.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Authority, this 22nd day of June, 2004.

(SEAL)


Secretary