

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania

ORDINANCE NO. 74-1995

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP DETERMINING TO INCUR DEBT; DETERMINING THAT THE MAXIMUM PRINCIPAL AMOUNT OF SUCH DEBT SHALL BE \$450,000; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT TO BE EVIDENCED BY A GUARANTEED \$450,000 NOTE - SERIES OF 1995, DATED AS OF MAY 1, 1995, IN THE MAXIMUM PRINCIPAL AMOUNT OF FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000), TO BE AUTHORIZED AND TO BE ISSUED BY CENTRE TOWNSHIP MUNICIPAL AUTHORITY IN CONNECTION WITH: (1) A REFUNDING PROJECT WHICH CONSISTS OF CURRENTLY REFUNDING AND RETIRING THE AUTHORITY'S GUARANTEED \$450,000 NOTE - SERIES OF 1993, WHICH DEBT CONSTITUTES DEBT HERETOFORE LAWFULLY INCURRED BY SAID AUTHORITY AND IS SECURED BY THE COVENANT OF GUARANTY OF THIS TOWNSHIP WITH RESPECT TO AND IN CONNECTION WITH SEWER SYSTEM FACILITIES OF SAID AUTHORITY; AND (2) A CAPITAL PROJECT THAT CONSISTS OF, *INTER ALIA*, PLANNING, DESIGNING, ACQUIRING AND CONSTRUCTING SANITARY SEWAGE COLLECTION, TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM FACILITIES REQUIRED FOR RENDERING SANITARY SEWAGE SERVICE TO CERTAIN PORTIONS OF THIS TOWNSHIP; BRIEFLY DESCRIBING THE REFUNDING PROJECT AND THE PROJECT IN CONNECTION WITH WHICH SUCH LEASE RENTAL DEBT IS TO BE INCURRED AND SPECIFYING THE ESTIMATED USEFUL LIFE OF SAID SEWER SYSTEM FACILITIES; STATING THAT THE REFUNDING PROJECT IS PERMITTED UNDER SECTION 1101 OF THE LOCAL GOVERNMENT UNIT DEBT ACT; AUTHORIZING AND DIRECTING THE CHAIRMAN OR VICE CHAIRMAN OF THE BOARD OF SUPERVISORS AND THE SECRETARY OF THIS TOWNSHIP: (A) TO PREPARE, TO CERTIFY AND TO FILE THE DEBT STATEMENT REQUIRED BY SECTION 410 OF PENNSYLVANIA ACT NO. 1972-185, AS REENACTED, AMENDED AND REVISED BY PENNSYLVANIA ACT NO. 1978-52, AS AMENDED AND SUPPLEMENTED, KNOWN AS THE "LOCAL GOVERNMENT UNIT DEBT ACT"; (B) TO PREPARE AND TO FILE ANY STATEMENTS REQUIRED BY ARTICLE II OF SAID ACT THAT ARE NECESSARY TO QUALIFY ALL OR ANY PORTION OF LEASE RENTAL DEBT OF THIS TOWNSHIP FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT AS SELF-

LIQUIDATING OR SUBSIDIZED DEBT; AND (C) TO EXECUTE, TO ATTEST AND TO DELIVER, AS APPROPRIATE, A GUARANTY AGREEMENT, DATED AS OF MAY 1, 1995, BETWEEN THIS TOWNSHIP, AS GUARANTOR, SAID AUTHORITY AND A LENDER, TO BE DETERMINED BY SAID AUTHORITY, UNDER A LOAN AGREEMENT, DATED AS OF MAY 1, 1995, WITH SAID AUTHORITY, WITH RESPECT TO SAID PROJECT AND SAID NOTE; APPROVING THE FORM OF SAID GUARANTY AGREEMENT; SPECIFYING THE MAXIMUM AMOUNTS OF THE GUARANTY OBLIGATIONS OF THIS TOWNSHIP PURSUANT TO SAID GUARANTY AGREEMENT AND THE SOURCES OF PAYMENT OF SUCH GUARANTY OBLIGATIONS, AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH GUARANTY OBLIGATIONS AS PROVIDED IN SUCH ACT; APPOINTING A SINKING FUND DEPOSITARY IN CONNECTION WITH SUCH GUARANTY OBLIGATIONS; PROVIDING FOR IRREVOCABLE ALLOCATION TO SAID AUTHORITY OF A PORTION OF THE SMALL-ISSUER REBATE EXEMPTION OF THIS TOWNSHIP; PROVIDING FOR PROPER OFFICERS OF THIS TOWNSHIP TO TAKE ALL OTHER REQUIRED, NECESSARY OR DESIRABLE RELATED ACTION IN CONNECTION WITH SAID PROJECT AND SAID GUARANTY AGREEMENT; PROVIDING FOR THE EFFECTIVENESS OF THIS ORDINANCE; PROVIDING FOR SEVERABILITY OF PROVISIONS OF THIS ORDINANCE; AND PROVIDING FOR REPEAL OF ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

WHEREAS, This Township is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth") and is a "local government unit" under provisions of Act No. 1972-185, as re-enacted, amended and revised by Act No. 1978-52, as amended and supplemented, from time to time, known as the "Local Government Unit Debt Act", of the Commonwealth (the "Act"); and

WHEREAS, Centre Township Municipal Authority (the "Authority") is a municipality authority organized and existing under the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented (the "Authorities Act") of the Commonwealth; and

WHEREAS, The Authority is undertaking a capital project that consists of, *inter alia*, planning, designing, acquiring and constructing sanitary sewage collection, transmission, treatment and disposal system facilities (the

"Project") required for rendering sanitary sewage service to certain portions of this Township (the "Sewer System"); and

WHEREAS, The Authority heretofore lawfully incurred certain debt, in connection with the Project and the Sewer System; and

WHEREAS, Such previous debt of the Authority is evidenced by a Guaranteed \$450,000 Note - Series of 1993, dated as of June 1, 1993, in the original maximum principal amount of \$450,000 (the "1993 Note"), issued pursuant to a Loan Agreement, dated as of June 1, 1993 (the "Original Agreement"), between the Authority and The First National Bank of Leesport (the "Bank"), Leesport, Pennsylvania, as lender; and

WHEREAS, The 1993 Note constitutes lease rental debt of the Township evidenced by a Guaranty Agreement, dated as of June 1, 1993, heretofore approved, pursuant to the Act, by the Department of Community Affairs (the "Department") of the Commonwealth; and

WHEREAS, The Authority and the Township have determined to retire the 1993 Note (the "Refunding Project") by issuance of a Guaranteed \$450,000 Note - Series of 1995 (the "1995 Note") and provide funds for the Project.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Supervisors of this Township, as follows:

SECTION 1. This Township authorizes and requests the Authority to undertake, and consents to and approves of the Authority undertaking the Refunding Project and the Project.

SECTION 2. This Township determines to incur debt, as such term is defined in the Act, as "lease rental debt", as such phrase is defined in the Act, in connection with the Refunding Project and the Project.

SECTION 3. Such debt, which shall be incurred as such lease rental debt, shall be in the maximum principal amount of \$450,000, shall be evidenced by a certain obligation to be issued by the Authority under the Authorities Act and shall consist of a guaranteed note, to be known generally as the "Guaranteed \$450,000 Note - Series of 1995", dated as provided therein (the "Note"), which shall have the benefit of and shall be secured by, *inter alia*, the guaranty obligations of this Township pursuant to the Guaranty Agreement (hereinafter mentioned and identified).

SECTION 4. This Township specifies that the realistic useful life of the Sewer System is a least 30 years. The Refunding Project is undertaken pursuant to Section 1101(4) of the Act.

SECTION 5. This Township, as guarantor, shall enter into a Guaranty Agreement, dated as of May 1, 1995 (the "Guaranty Agreement"), substantially in the form referred to in Section 6, with the Authority and the Bank, as lender under a Loan Agreement, dated as of May 1, 1995 (the "Loan Agreement"), between the Authority and the Bank, with respect to the Refunding Project, the Project and the Note, under terms and provisions of which Guaranty Agreement, *inter alia*, this Township shall guaranty, unconditionally, for the benefit of the holders, from time to time, of the Note, full and prompt payment of the principal of the Note, in the maximum principal amount of \$450,000, together with interest on said principal of the Note, at the initial rate of 6.75% per annum for the period of one (1) year, as specified in the Note, and thereafter to be adjusted to a variable rate calculated to be seventy-five (75%) of the prime rate, per annum, periodically established by the Bank as its "prime rate" (as determined in the Note), not to exceed 9% per annum, as such shall be due and payable with respect to the Note.

The Guaranty Agreement shall be for the life of the Note and shall set forth terms, conditions, provisions, covenants and agreements to be observed by this Township, the Authority and the Bank in relation to the Refunding Project, the Project and the Note.

SECTION 6. The Guaranty Agreement shall be substantially in the form presented to this meeting, which form is approved; and a copy of the Guaranty Agreement, in the form so presented to this meeting and so approved, shall be filed with the Secretary of this Township and shall be made available for inspection at reasonable times by interested persons requesting such inspection.

SECTION 7. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township, as applicable, are authorized and directed to prepare, to certify and to file the debt statement, as such phrase is defined in the Act, required by Section 410 of the Act, in behalf of this Township.

Proper officers of this Township are authorized and directed to prepare and to execute an appropriate borrowing base certificate for filing with the Department of Community Affairs (the "Department") of the Commonwealth, as required by the Act.

SECTION 8. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township, as applicable, are authorized and directed to prepare and to file appropriate statements required by Article II of the Act that are necessary to qualify all or any portion of the lease rental debt of this Township that is subject to exclusion as self-liquidating debt for exclusion from the appropriate debt limit as self-liquidating debt.

SECTION 9. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township, as applicable, are authorized and directed to execute, to attest and to deliver the Guaranty Agreement, in behalf of this

Township, substantially in the form approved in Section 6; Subject, however, to applicable provisions of the Act.

SECTION 10. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township, as applicable, are authorized and directed to make application to the Department for approval with respect to the Guaranty Agreement, as required by Section 411(b) of the Act; and in connection with such application, this Township shall pay to the Department the filing fee as required by Section 803 of the Act, as amended, the payment of which filing fee is authorized and approved.

SECTION 11. The guaranty obligations of this Township, with respect to the Note, as set forth in the Guaranty Agreement in the form referred to in Section 6, which shall be payable, if and as necessary, 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, as used in such Exhibit A, shall mean the fiscal year of this Township.

SECTION 12. The guaranty obligations of this Township, as set forth in Section 11, shall be payable from the tax and other general revenues of this Township.

SECTION 13. This Township shall covenant in the Guaranty Agreement and does hereby covenant to and with the Bank and any subsequent holder and/or registered owner, as appropriate, from time to time, of the Note that this Township: (1) shall include the amounts payable in respect of its guaranty pursuant to the Guaranty Agreement, for each Fiscal Year, as such phrase is defined in the Guaranty Agreement, in which such sums are payable in its budget for that Fiscal Year; (2) shall appropriate such amounts from its general revenues for the payment of such guaranty; 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 Township shall and does pledge, irrevocably, its full faith, credit and taxing power. The foregoing covenants of this Township shall be enforceable specifically.

For the purposes of complying with the foregoing covenant, this Township covenants that it shall budget the amounts set forth in Exhibit A which is attached hereto and made part hereof, such amounts being maximum amounts payable with respect to the Note for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Bank such amounts; Subject, however, to provisions of the Guaranty Agreement with respect to credit for certain sums that shall be available for such amounts payable, all as more fully set forth in the Guaranty Agreement.

This Township 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.

This Township hereby establishes a "sinking fund", as such phrase is defined or applied in the Act, as amended and supplemented from time to time, with respect to its obligations under the Guaranty Agreement with respect to such guaranty, and The First National Bank of Leesport, Leesport, Pennsylvania, is hereby appointed "sinking fund depository" and "paying agent", as such phrases are defined or applied in the Act, as amended and supplemented from time to time, to the extent necessary with respect to obligations of this Township under the Guaranty Agreement with respect to such guaranty.

SECTION 14. This Township hereby, irrevocably, allocates to the Authority, a "subordinate entity", as that phrase is used in Subsection 148(f)(4)(c)(iv) of the Internal Revenue Code of 1986, as amended (the "Code"), of this Township the small-issuer rebate exemption inuring to this Township under the Code, to the extent of \$450,000 aggregate principal amount of the Note in the 1995 calendar year. This Township hereby declares that such allocation bears a reasonable relationship to the benefits received by this Township from the Authority, in connection with the Project.

SECTION 15. Proper officers of this Township are authorized and directed to execute all documents and to do all other acts as may be necessary and proper to carry out the intent and purpose of this Ordinance and the undertakings of this Township under the Guaranty Agreement.

SECTION 16. Reference in this Ordinance to specified officers of this Township shall include and shall be construed to include, if and as applicable, their respective successors in office.

SECTION 17. This Ordinance shall become effective in accordance with provisions of the Act.

SECTION 18. 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 Township that such remainder shall be and shall remain in full force and effect.

SECTION 19. All other ordinances or parts of ordinances which are inconsistent herewith shall be and the same expressly are repealed.

DULY ENACTED AND ORDAINED, this 26th day of April, 1995, by the Board of Supervisors of the Township of Centre, Berks County, Pennsylvania, in lawful session duly assembled.

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania

By: Albert W. Benkenroth
(Vice) Chairman of the Board of
Supervisors

ATTEST:

George C. Seifert
Secretary

(SEAL)

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania

EXHIBIT A

The maximum amounts to be budgeted by the Township of Centre, Berks County, Pennsylvania, for the purpose of fulfilling its obligations as described in the Guaranty Agreement referred to in the Ordinance, to which this is attached, shall be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
1995	\$ 17,682.31
1996	\$ 35,437.50
1997	\$470,250.00

CERTIFICATE

I, the undersigned, Secretary of the Township of Centre, Berks County, Pennsylvania (the "Township"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by affirmative vote of a majority of all members of the Board of Supervisors of the Township, in accordance with law, at a meeting duly held on April 26, 1995, at which meeting a quorum was present; said Ordinance has been certified and recorded by me, as Secretary of the Township, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 74-1995; the total number of members of the Board of Supervisors of the Township is three (3); the vote of the members of the Board of Supervisors of the Township, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Secretary, as follows:

Albert W. Burkevage, Sr.	- yes
Wilmer Phillips	- yes
Nancy Kachel	- yes ;

said Ordinance was advertised (both before and after enactment), as required by law, in a newspaper of general circulation in the Township; said Ordinance was available for inspection by any interested citizen requesting the same in accordance with law and with such advertisement; and said Ordinance has not been amended, altered or repealed, as of the date of this Certificate.

I further certify that the Board of Supervisors of the Township met the advance notice 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 and by posting prominently a notice of said meeting at the principal office of the Township or at the public building in which said meeting was held, all in accordance with such Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township, this 26th day of April, 1995.

George C. Scifut
Secretary

(SEAL)

GUARANTY AGREEMENT

Dated as of May 1, 1995,

By and among

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania,
as Guarantor,

and

CENTRE TOWNSHIP MUNICIPAL AUTHORITY

and

THE FIRST NATIONAL BANK OF LEESPORT
Leesport, Pennsylvania,
as Lender,

With Respect To

Guaranteed \$450,000 Note - Series of 1995

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of May 1, 1995, by and among the TOWNSHIP OF CENTRE, Berks County, Pennsylvania, a political subdivision of the Commonwealth, as Guarantor, and CENTRE TOWNSHIP MUNICIPAL AUTHORITY, a municipality authority existing under the Authorities Act of the Commonwealth, and THE FIRST NATIONAL BANK OF LEESPORT, a national banking association organized and existing under laws of the United States and having its principal office in Leesport, Berks County, Pennsylvania.

WITNESSETH:

WHEREAS, The Authority intends to authorize and to issue the Guaranteed \$450,000 Note - Series of 1995; and

WHEREAS, The Guaranteed \$450,000 Note - Series of 1995 is to be issued under and pursuant to the Loan Agreement; and

WHEREAS, The proceeds derived from authorization and issuance of the Guaranteed \$450,000 Note - Series of 1995 will be applied, together with other funds available or to be available to the Authority, for and toward the Refunding Project and Costs, as such term is defined in the Loan Agreement, of the Project, in the manner to be provided in the Loan Agreement; and

WHEREAS, The Municipality, as an inducement to the Authority to undertake the Refunding Project and the Project and to authorize and to issue the Guaranteed \$450,000 Note - Series of 1995, and as an inducement to the Bank to purchase the Guaranteed \$450,000 Note - Series of 1995 and to enhance and to ensure the security of the Guaranteed \$450,000 Note - Series of 1995 and thereby to achieve interest cost and other savings with respect to the Project, desires

to enter into this Guaranty Agreement with respect to the Guaranteed \$450,000 Note - Series of 1995, as is permitted by the Debt Act; and

WHEREAS, The Board of Supervisors of the Municipality, in entering into this Guaranty Agreement, is acting in the public interest in connection with preservation and protection of the general health and welfare of inhabitants of the Municipality and of the Commonwealth; and

WHEREAS, The parties hereto desire to set forth the terms and conditions under and pursuant to which the Guaranteed \$450,000 Note - Series of 1995 is to be guaranteed by the Municipality and related matters.

NOW, THEREFORE, The parties hereto covenant and agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Terms and phrases defined in this Section 1.01, for all purposes of this Guaranty Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

"Authorities Act" shall mean the Act of the General Assembly of the Commonwealth, known as the "Municipality Authorities Act of 1945", approved May 2, 1945, P.L. 382, as amended and supplemented, from time to time;

"Authority" shall mean Centre Township Municipal Authority, a municipality authority of the Commonwealth, a party hereto;

"Bank" shall mean The First National Bank of Leesport, Leesport, Pennsylvania, a national banking association organized under laws of the United States, having its principal office in Leesport, Berks County, Pennsylvania, a party hereto;

"Board" shall mean the governing body of the Authority;

"Board of Supervisors" shall mean the governing body of the Municipality;

"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", Act No. 1972-185, as re-enacted, amended and revised by Act No. 1978-52, and as further amended and supplemented, from time to time;

"Fiscal Year" shall mean the fiscal year of the Municipality as provided by laws of the Commonwealth;

"Guaranteed \$450,000 Note - Series of 1995" shall mean the Guaranteed \$450,000 Note - Series of 1995, dated as provided therein, of the Authority, initially to be authorized for issuance under the Loan Agreement, in the maximum principal amount of \$450,000, as such more specifically shall be described in the Loan Agreement;

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

"Loan Agreement" shall mean the Loan Agreement, dated as of May 1, 1995, between the Authority and the Bank, including all modifications, alterations, amendments and supplements thereto made and delivered in accordance with provisions thereof;

"Municipality" shall mean the Township of Centre, Berks County, Pennsylvania, a party hereto;

"1993 Note" shall mean the Guaranteed \$450,000 Note - Series of 1993, dated as of June 1, 1993, in the maximum principal amount of \$450,000;

"Person" shall mean an individual, a partnership, an association, a corporation, a joint stock company, a trust, an unincorporated association, a governmental body, a political subdivision, a municipality, a municipality authority or any other group or entity;

"Project" shall mean the planning, design, acquisition and construction by the Authority of sanitary collection, transmission, treatment and disposal system facilities required for rendering sanitary sewage service to certain portions of the Municipality;

"Refunding Project" shall mean the current refunding and retirement of the 1993 Note;

"Sewer System" shall mean the Project, together with all appurtenant facilities and properties that the Authority shall acquire in connection therewith, including all property, real, personal and mixed, rights, powers, licenses, easements, rights of way, privileges, franchises and any and all other property or interests in property of whatsoever nature, used or useful in connection with such facilities, and together with all additions, extensions, alterations and improvements which may be made or acquired, from time to time. As of any particular time, the "Sewer System" shall mean the Project, together with all property, real, personal and mixed, rights, powers, licenses, easements, rights of way, privileges, franchises and any and all other property or interests in property of whatsoever nature, used or useful in connection with such facilities, and capital additions (including property in the nature of capital additions acquired or constructed from funds wholly or partially contributed by any Person) acquired, owned, made or constructed by or for the Authority; and the "Sewer System", without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, basins, machinery, mains, conduits, pipes, pipe lines, interceptor lines, outfall lines, trunk lines, service lines, sewer plants and systems, tanks, shops, pumping stations, ejector stations, force mains, fixtures, engines, boilers, pumps, meters and other equipment, all personal property and all franchises, land, rights of way, privileges, easements, licenses, rights and any other interests in real property owned by the Authority and used or useful in connection with the collection, transportation, treatment and/or disposition of sewage; and

"United States" shall mean the United States of America.

ARTICLE II

Representations and Warranties of the Municipality

SECTION 2.01. The Municipality represents and warrants that:

A. The Municipality is a political subdivision of the Commonwealth;

B. The Municipality is possessed of all requisite power and authority under laws of the Commonwealth to enter into and to perform all covenants and agreements contained in this Guaranty Agreement;

C. The Municipality duly has been authorized to enter into this Guaranty Agreement, pursuant to proper and necessary official action of the Board of Supervisors, in accordance with laws of the Commonwealth;

D. The Municipality, in entering into this Guaranty Agreement, is acting in the public interest in connection with preservation and protection of the general health and welfare of inhabitants of the Municipality and of the Commonwealth; and

E. The Municipality, in entering into this Guaranty Agreement, is incurring lease rental debt, to the extent provided herein, pursuant to the Debt Act; and the Municipality has taken all proper proceedings pursuant to the Debt Act in connection with this Guaranty Agreement.

ARTICLE III

Covenants and Agreements of the Municipality

SECTION 3.01. The Municipality, to the extent, in the manner and upon terms and conditions provided herein, guarantees, unconditionally, for the benefit of the Bank and any subsequent holder and/or registered owner, as appropriate, from time to time, of the Guaranteed \$450,000 Note - Series of 1995, full and prompt payment of the principal of the Guaranteed \$450,000 Note - Series of 1995, said guaranteed principal amount not to exceed \$450,000, together with interest due on said principal of the Guaranteed \$450,000 Note - Series of 1995, at the initial rate of 6.75% per annum for the period of one (1) year, as specified in the Guaranteed \$450,000 Note - Series of 1995, and thereafter to be adjusted to a variable rate calculated to be seventy-five (75%) of the prime rate, per annum, periodically established by the Bank as its "prime rate" (as determined in the Guaranteed \$450,000 Note - Series of 1995), not to exceed 9% per annum, as such shall be due and payable with respect to the Note.

SECTION 3.02. The Municipality covenants and agrees to pay all costs, fees, expenses and charges, including court costs and attorney fees, of the Bank and/or the Authority, that may be paid or incurred, from time to time, in enforcing the guaranty of the Municipality hereunder and, to the extent permitted by laws of the Commonwealth, in otherwise enforcing this Guaranty Agreement.

SECTION 3.03. All payments required to be made by the Municipality under this Guaranty Agreement shall be made in lawful money of the United States, from time to time.

SECTION 3.04. Each and every default in payment of the principal of or interest on the Guaranteed \$450,000 Note - Series of 1995 shall give rise to a separate cause of action under this Guaranty Agreement and separate suits may be instituted pursuant to this Guaranty Agreement, from time to time, as each cause of action shall arise.

SECTION 3.05. The Municipality covenants to and with the Authority and the Bank and any subsequent holder and/or registered owner, as appropriate, from time to time, of the Guaranteed \$450,000 Note - Series of 1995, that the Municipality: (i) shall include the amounts payable in respect of the guaranty stated in this Guaranty Agreement, for each Fiscal Year in which such sums are payable, in its budget for that Fiscal Year; (ii) shall appropriate such amounts from its general revenues for the payment of such guaranty; and (iii) 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 stated in this Guaranty Agreement, according to the true intent and meaning hereof; and for such budgeting, appropriation and payment in respect of such guaranty of the Guaranteed \$450,000 Note - Series of 1995, the Municipality pledges, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable. For the purpose of complying with the covenants of this Section 3.05, the Municipality covenants that it shall budget the amounts set forth in Exhibit A, which is attached hereto and made part hereof, or such lesser amount as equals the principal of and interest due on the Guaranteed \$450,000 Note - Series of 1995 in any Fiscal Year, such being the maximum amount guaranteed by the Municipality hereunder for each Fiscal Year in which such amount is payable, and shall appropriate and shall pay over to the

Bank or any subsequent holder and/or registered owner of the Guaranteed \$450,000 Note - Series of 1995, if any, as appropriate, such amounts; Subject, however, to provisions of Section 3.06.

The Municipality covenants that, to the extent sufficient money shall not be available in its then current budget at any time when payments are required hereunder, 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 hereunder, 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 hereunder in the manner herein stated according to the true intent and meaning hereof, and for such budgeting, appropriation and payment, it does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

SECTION 3.06. It is the intent and purpose of this Guaranty Agreement that the Municipality shall be required to pay over to the Bank, or to the subsequent holder and/or registered owner, as appropriate, from time to time, of the Guaranteed \$450,000 Note - Series of 1995, only that portion of the principal of and interest on the Guaranteed \$450,000 Note - Series of 1995 due, from time to time, that cannot be paid by the Authority from other funds available for the purpose. Therefore, the parties hereto agree that the Municipality shall be entitled to a credit against the amount of its guaranty obligation assumed hereunder, which credit shall be in an amount equal to any such funds of the Authority available for the purpose and applied in any Fiscal Year to the principal of and interest on the Guaranteed \$450,000 Note - Series of 1995 then due and payable.

The Municipality covenants to establish a "sinking fund", as such phrase is defined in the Debt Act, with respect to its obligations under this Guaranty Agreement and The First National Bank of Leesport, Leesport, Pennsylvania, shall be appointed "sinking fund depository" and "paying agent", as such phrases are defined or applied in the Debt Act, to the extent necessary with respect to the obligations of the Municipality that shall become payable under this Guaranty Agreement.

SECTION 3.07. The obligations of the Municipality under this Guaranty Agreement shall be absolute and unconditional, irrespective of any other agreement or instrument to which the Municipality shall be a party, and shall remain in full force and effect until the entire portion of the principal of and interest on the Guaranteed \$450,000 Note - Series of 1995 guaranteed by the Municipality hereunder shall have been paid or shall have been provided for, and 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 consent of the Municipality, unless such notice or consent is required hereunder:

A. The failure by the Authority to complete the Refunding Project or complete the acquisition and/or construction of the Project or to own or to continue operation of the Sewer System, or the failure of the Authority otherwise to perform any obligation contained in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents or

independent contractors, legal action of any nature that shall delay acquisition and/or construction of the Project or ownership or operation of the Sewer System, labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority under the Loan Agreement;

C. The failure to give notice to the Municipality of the occurrence of a default under terms and provisions of this Guaranty Agreement or of the Loan Agreement;

D. The validity, enforceability or termination of the Loan Agreement;

E. The neglect or failure of the Authority and/or the Bank to exercise or to preserve any rights or rights of action against any party, Person or property;

F. The failure of the Authority and/or the Bank to have enforced, on prior appropriate occasions, any right or rights 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 under the Loan Agreement, 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 voluntary or involuntary repossession or surrender of the Sewer System;

I. The waiver of the payment, performance or observance by the Authority, the Bank or the Municipality of any obligations, covenants or agreements contained in the Loan Agreement or in this Guaranty Agreement;

J. The extension of the time for payment of the principal of or interest on the Guaranteed \$450,000 Note - Series of 1995 or any part thereof owing or payable under this Guaranty Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Loan Agreement or this Guaranty Agreement;

K. The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Loan Agreement;

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

M. Any failure, omission or delay on the part of the Authority and/or the Bank to enforce, to assert or to exercise any right, power or remedy conferred upon

or vested in the Authority and/or the Bank hereunder or under the Loan Agreement, or to enforce, to assert or to exercise any other right or rights on the part of the Authority or the Bank;

N. 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 affecting the Municipality or the Authority or any of the assets of either of them, or any allegation or contest of the validity of this Guaranty Agreement in any such proceeding;

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

P. The default or failure of the Municipality fully to perform any of its obligations set forth in this Guaranty Agreement; or

Q. The damage to or partial or total destruction of the Sewer System or the taking of title to or the temporary or permanent use of the Sewer System by any lawful body or authority.

SECTION 3.08. Obligations of the Municipality hereunder shall not be affected by any bankruptcy, arrangement for the benefit of creditors, reorganization or other similar proceedings; and the Municipality specifically waives any rights or benefits that could accrue to it by reason of any such proceeding and agrees that the same shall not affect its liability or responsibility hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority.

SECTION 3.09. Obligations of the Municipality hereunder shall not be subject to any setoff, counterclaim or defense resulting from any breach or any alleged breach by the Authority or by the Bank of any obligation to the Municipality, whether said obligation arises under this Guaranty Agreement or from any other transaction between the Authority and/or the Municipality and/or the Bank, regardless of the nature of such transaction.

SECTION 3.10. In the event of a default in payment of principal of the Guaranteed \$450,000 Note - Series of 1995 when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration or otherwise, or in the event of a default in the payment of any interest on the Guaranteed \$450,000 Note - Series of 1995 when and as the same shall become due and payable, the Bank may proceed hereunder; and the Bank, in its sole discretion, shall have the right to proceed first and directly against the Municipality under this Guaranty Agreement, without proceeding against or exhausting any other remedies that it may have and without resorting to any other security held by the Authority or the Bank.

The Municipality agrees to pay all costs, fees and expenses, including, to the extent permitted by law, all court costs and reasonable attorney fees, that may be incurred by the Bank in enforcing or attempting to

enforce this Guaranty Agreement, following any default on the part of the Municipality hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 3.11. The Municipality expressly waives notice, in writing or otherwise, from the Bank of its acceptance and reliance upon this Guaranty Agreement.

SECTION 3.12. This Guaranty Agreement is entered into by the Municipality for the benefit of the Bank, and its successors and assigns under the Loan Agreement, and any subsequent holder and/or registered owner, as appropriate, from time to time, of the Guaranteed \$450,000 Note - Series of 1995, all of whom shall be entitled to enforce performance and observance hereof by the Municipality to the same extent as if they were parties signatory hereto.

SECTION 3.13. Terms of this Guaranty Agreement may be enforced as to any one or more breaches, either separately or cumulatively.

SECTION 3.14. The Municipality confirms and grants to the Authority, its successors and assigns, to the extent necessary or desirable, all easements, rights of way and other rights and privileges necessary and desirable in, along, over and under streets, roads, lanes, courts, cul-de-sacs, alleys, public ways, public squares and other properties of the Municipality, together with free ingress, egress and regress therein and thereto, along with other Persons having interests or rights therein, for use in connection with the Project and with constructing, replacing, repairing, altering and maintaining the Sewer System; Subject, however, to all applicable rules and regulations from time to time established by resolution or ordinance of the Municipality with respect thereto.

ARTICLE IV

Covenants and Agreements of the Authority

SECTION 4.01. The Authority covenants with the Municipality to proceed with the Refunding Project with all expedition practicable.

SECTION 4.02. The Authority covenants with the Municipality to use its best efforts to complete the Project with all reasonable dispatch and diligence.

SECTION 4.03. The Authority covenants with the Bank and the Municipality that it shall pay, in full, the outstanding principal balance of the Guaranteed \$450,000 Note - Series of 1995, together with interest due thereon, at the time or times due; that, further, the Authority and the Municipality covenant that they each shall take such action necessary to retire the Guaranteed \$450,000 Note - Series of 1995; and the Authority further covenants that, at such time, it shall pay to the Municipality an amount equal to all sums paid by the Municipality pursuant to this Guaranty Agreement.

ARTICLE V

Miscellaneous

SECTION 5.01. No amendment, change, modification, alteration or termination of the Loan Agreement that would in any way increase obligations of the Municipality under this Guaranty Agreement shall be effective without obtaining the prior written consent of the Municipality.

SECTION 5.02. The obligations of the Municipality hereunder shall arise absolutely and unconditionally when the Guaranteed \$450,000 Note - Series of 1995 shall have been issued, sold, executed and delivered by the Authority.

SECTION 5.03. The Authority and the Bank covenant with the Municipality that each duly and punctually will perform every covenant and agreement undertaken by the Authority and the Bank, respectively, under the Loan Agreement.

SECTION 5.04. In the event of default by the Municipality in the punctual discharge of its obligations hereunder, the Authority and the Bank shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies that otherwise may be provided at law or in equity or by other statutes.

SECTION 5.05. No remedy conferred upon or reserved to the Bank 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 Agreement 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 or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority and/or the Bank to exercise any remedy reserved in this Guaranty Agreement, 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 Agreement shall be breached by any party and thereafter duly shall be 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 dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties.

SECTION 5.06. This Guaranty Agreement 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 Agreement may be executed, simultaneously, in multiple counterparts, each of which counterparts shall be deemed to be an original, but all of which counterparts, together, shall constitute but one and the same instrument.

SECTION 5.07. Provisions of this Guaranty Agreement shall be severable; if any one or more of the phrases, sentences, clauses, Articles, Sections or parts contained in this Guaranty Agreement shall be deemed or declared invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Guaranty Agreement or any remaining parts thereof.

SECTION 5.08. This Guaranty Agreement may be amended or supplemented, from time to time, by a written document duly signed by the parties hereto; Provided, however, that no amendment and/or supplement shall be made that

shall diminish or discontinue the obligations of the Authority and of the Municipality hereunder.

SECTION 5.09. This Guaranty Agreement shall be construed in accordance with and shall be governed by laws of the Commonwealth.

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

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania,
Guarantor

ATTEST:

By: _____
(Vice) Chairman of the
Board of Supervisors

(Assistant) Secretary

(SEAL)

CENTRE TOWNSHIP MUNICIPAL AUTHORITY

ATTEST:

By: _____
(Vice) Chairman

(Assistant) Secretary

(SEAL)

THE FIRST NATIONAL BANK OF LEESPORT,
Lender

ATTEST:

By: _____
(Vice) President

(Assistant) Secretary
(Assistant) Cashier

(SEAL)

EXHIBIT A

The maximum amounts to be budgeted by the Township of Centre, Berks County, Pennsylvania, for the purpose of fulfilling its obligations under the Guaranty Agreement to which this is attached, shall be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
1995	\$ 17,682.31
1996	\$ 35,437.50
1997	\$470,250.00
