

AN ORDINANCE OF JACKSON TOWNSHIP  
CAMBRIA COUNTY, PENNSYLVANIA  
ENACTED 01/31, 1994 AND NUMBERED 91,

AUTHORIZING THE INCURRING OF LEASE RENTAL DEBT CONSISTING OF A LIMITED GUARANTY OF THE REPAYMENT OF 56.81% OF THE OBLIGATIONS OF THE JACKSON/EAST TAYLOR SEWER AUTHORITY (THE "AUTHORITY") TO THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY WITH RESPECT TO A LOAN IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO THREE HUNDRED FIFTY THOUSAND AND XX/100 (\$350,000.00) DOLLARS, SUCH INDEBTEDNESS TO BE INCURRED BY THE AUTHORITY FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE DESIGN, ENGINEERING AND RELATED DEVELOPMENT COSTS TO BE INCURRED BY THE AUTHORITY IN CONNECTION WITH THE PROPOSED CONSTRUCTION OF A SEWAGE COLLECTION AND CONVEYANCE SYSTEM IN JACKSON TOWNSHIP AND EAST TAYLOR TOWNSHIP; FIXING THE FORM OF THE GUARANTY AND THE COVENANTS AND OTHER PROVISIONS THEREOF; COVENANTING TO PAY THE OBLIGATIONS UNDER THE GUARANTY PURSUANT TO THE TERMS OF SUCH GUARANTY; PLEDGING ITS FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER FOR THE PAYMENT OF THE GUARANTY; AUTHORIZING CERTAIN FILINGS OF REQUIRED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AFFAIRS; RATIFYING CERTAIN ACTIONS OF OFFICERS AND DIRECTING OTHER ACTIONS; AND MAKING CERTAIN OTHER COVENANTS IN RESPECT OF THE GUARANTY.

Bond Counsel: Tucker Arensberg, P.C.  
1500 One PPG Place  
Pittsburgh, PA 15222

Solicitor: Gvozdich, Buchan & Svirsko  
107 East Lloyd Street  
P.O. Box 330  
Ebensburg, Pennsylvania 15931

## PREAMBLE

WHEREAS, the Governing Body (as hereinafter defined) of Jackson Township (as more fully defined hereinafter, the "Local Government Unit"), after due consideration of the public welfare and with full legal competence pursuant to its enabling legislation, has created jointly with East Taylor Township the Jackson/East Taylor Sewer Authority (hereinafter the "Authority"); and

WHEREAS, the Authority and the Local Government Unit have determined that there is a need for the design and engineering of plans and specifications for the proposed construction of the Project (as hereinafter defined) in and for portions of Jackson Township and East Taylor Township, Cambria County, Pennsylvania; and

WHEREAS, the Authority has determined to undertake the Project and the costs thereof with financing therefor to be provided in part by the Pennsylvania Infrastructure Investment Authority ("PENNVEST") and in part by United States National Bank in Johnstown ("U.S. Bank"); and

WHEREAS, PENNVEST requires that the Local Government Unit guaranty the repayment of all or a portion of the financing to be provided by PENNVEST to the Authority; and

WHEREAS, the Governing Body of the Local Government Unit desires to incur Lease Rental Debt (as hereinafter defined), within constitutional and statutory limitations, in order to guaranty the repayment of the financing provided to the Authority for the undertaking of said Project; and

WHEREAS, the Local Government Unit, by separate ordinance, will incur non-electoral indebtedness as a co-borrower with the Authority on the portion of the financing to be provided by U.S. Bank; and

WHEREAS, the execution and delivery of the guaranty is governed by the provisions of the Pennsylvania Local Government Unit Debt Act, Act of July 12, 1972, P.L. 781, No. 185, as amended and reenacted by Act No. 1978-52, approved April 28, 1978, as amended (the "Debt Act"); and

WHEREAS, it is deemed to be in the best financial interest of the Local Governmental Unit to guaranty the repayment of the obligations of the Authority as hereinafter described.

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

## ARTICLE 1 - DEFINITIONS

Section 1.01. Definitions and Conventions. Unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Lease Rental Debt Ordinance (including the preamble hereto), have the meanings hereby ascribed to them. Moreover, such terms, together with all other provisions of this Lease Rental Debt Ordinance, shall be read and understood in a manner consistent with the provisions of the Debt Act, as generally interpreted by the Department of Community Affairs or by courts maintaining competent jurisdiction. Words or phrases importing the masculine, feminine or neuter gender shall be read and understood to include the other two genders and those importing number shall include singular or plural, both as appropriate to the context.

"Authority" shall mean the Jackson/East Taylor Sewer Authority, a body politic and corporate organized and existing under the Commonwealth of Pennsylvania Municipality Authorities Act of 1945 (53 P.S. §§301 et seq.), and its successors and assigns.

"Bond Counsel" means Tucker Arensberg, P.C., 1500 One PPG Place, Pittsburgh, Pennsylvania 15222.

"Borrowing Base" shall mean the annual arithmetic average of the total revenues for the three full fiscal years ended next preceding the date of the incurring of Lease Rental Debt as set forth in a certificate stating the total revenues in each of such years and stating such average, executed by the appropriately authorized officials of the Local Government Unit or by an independent accountant. If, within such three-year period, there shall have been an expansion or contraction of the territorial or functional jurisdiction of a Local Government Unit through transfer, merger, annexation, or assumption, in whole or in part, in relation to another local government unit or an authority, the Borrowing Base shall be calculated as if such expansion or contraction had occurred within or prior to the commencement of such three-year period in such manner as the statutes, charter, provisions or court decree shall provide or direct, or in the absence of such provisions, as the Department of Community Affairs shall approve.

"Debt" shall mean the obligations to be incurred by the Local Government Unit, under the terms of this Lease Rental Debt Ordinance, as guarantor of the PENNVEST Loan.

"Debt Act" shall mean the Pennsylvania Local Government Unit Debt Act as more fully described in the preamble to this Lease Rental Debt Ordinance.

"Debt Statement" shall mean the written certification by a Designated Officer that complies with Section 410 of the Debt Act.

"Department of Community Affairs" shall mean the Department of Community Affairs of the Commonwealth of Pennsylvania, and any Person or Persons succeeding to the functions thereof.

"Designated Officer" or "Designated Officers" shall mean and include, individually or jointly, each member of the Governing Body (including the Chairman thereof) and the Secretary and Treasurer of the Local Government Unit, being those duly elected or appointed and acting officials of the Local Government Unit, and their successors, hereby authorized to undertake and perform the actions herein specified as necessary and proper to the execution and delivery of the Guaranty and compliance with the Debt Act and this Lease Rental Debt Ordinance.

"East Taylor Township" shall mean East Taylor Township, a township of the second class of the Commonwealth of Pennsylvania duly organized and existing under the constitution and laws of the Commonwealth of Pennsylvania, particularly the Second Class Township Code (53 P.S. §§ 65101 et seq.), and its successors and assigns.

"Governing Body" shall mean the Board of Supervisors of the Local Government Unit, being that entity authorized by law to fix the rate of, and to levy, taxes within the Local Government Unit.

"Guaranty" shall mean the PENNVEST Guaranty.

"Lease Rental Debt" means "Lease Rental Debt" as that term is defined in the Debt Act.

"Lease Rental Debt Ordinance" shall mean this document, being the formal action taken by the Local Government Unit according to the requirements of Section 403 of the Debt Act in order to authorize and incur the Lease Rental Debt represented by the Guaranty. Such term shall apply whether, under the law and existing practices of the Local Government Unit, it would normally take formal action by enactment of an ordinance, adoption of a resolution or some other similar means.

"Local Government Unit" shall mean Jackson Township, a township of the second class of the Commonwealth of Pennsylvania duly organized and validly existing under the constitution and laws of the Commonwealth, particularly the Second Class Township Code (53 P.S. §§65101 et. seq.), and its successors and assigns.

"Net Nonelectoral Debt" means "Net Nonelectoral Debt" as that term is defined in the Debt Act.

"Net Lease Rental Debt" means "Net Lease Rental Debt" as that term is defined in the Debt Act.

"Nonelectoral Debt" means "Nonelectoral Debt" as that term is defined in the Debt Act.

"PENNVEST" shall mean the Pennsylvania Infrastructure Investment Authority, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania.

"PENNVEST Guaranty" shall mean the limited guaranty by the Local Government Unit of 56.81% of the indebtedness, obligations and liabilities of the Authority under the PENNVEST Loan, including the payment of principal of, interest on, and other obligations with respect to the PENNVEST Loan, as evidenced by a guaranty agreement substantially in the form of Exhibit "A" attached hereto, and other instruments and documents to be executed by the Local Government Unit in form and substance acceptable to PENNVEST, and the Local Government Unit.

"PENNVEST Loan" shall mean the indebtedness, obligations and liabilities of the Authority pursuant to the promissory note and loan agreement executed or to be executed by the Authority, evidencing a loan from PENNVEST to the Authority in the principal amount of up to \$350,000.00, in order to partially finance the Project, as further described in the commitment letter of the PENNVEST dated July 28, 1993, as amended or modified by the Authority and PENNVEST.

"Person" or "person" shall mean an individual, a corporation, an association, a partnership, a trust or estate, a government, foreign or domestic, and any agency or political subdivision thereof, or any other entity.

"Project" shall mean (a) the engineering and design work and costs, including, without limitation, surveying costs, land, right of way and easement acquisition costs, legal costs and other costs to be incurred by the Authority, related to the proposed construction of the System; and (b) payment of the necessary and proper costs of incurring indebtedness in respect of the foregoing.

"System" shall mean a sewage collection and conveyance system in Jackson Township and East Taylor Township for purposes of conveying a portion of such Townships' wastewater to the City of Johnstown's Dornick Point wastewater treatment plant.

"Solicitor" shall mean George Gvozdich, Gvozdich, Buchan & Svirska, 107 East Lloyd Street, P. O. Box 330, Ebensburg, Pennsylvania 15931.

"U.S. Bank" shall mean United States National Bank in Johnstown, having its principal offices at 216 Franklin Street, Johnstown, Pennsylvania 15901, its successors and assigns.

## ARTICLE 2 - AUTHORIZATION OF LEASE RENTAL DEBT

Section 2.01. Incurrence. The Local Government Unit does hereby authorize and direct the incurrence of Lease Rental Debt consisting of the PENNVEST Guaranty, for the purposes of the Project; such Lease Rental Debt shall be evidenced by the Guaranty, to be issued according to the provisions of this Lease Rental Debt Ordinance and the Debt Act, as general obligations of the Local Government Unit. Except as otherwise provided in the Debt Act: (i) the Local Government Unit shall not incur any new Nonelectoral Debt, if the aggregate net principal amount of such new Nonelectoral Debt together with all other Net Nonelectoral Debt outstanding would cause the total Net Nonelectoral Debt of such Local Government Unit to exceed 250% of its Borrowing Base; and (ii) the Local Government Unit shall not incur any new Lease Rental Debt or new Nonelectoral Debt, if the aggregate net principal amount of such new debt together with all other Net Nonelectoral Debt and Net Lease Rental Debt outstanding would cause the outstanding total of Net Nonelectoral Debt plus Net Lease Rental Debt of such Local Government Unit to exceed 350% of its Borrowing Base.

Section 2.02. Preparation of Debt Statement; Proceedings Before the Secretary. The Designated Officers are hereby authorized and directed to prepare and verify under oath or affirmation, according to the requirements of Sections 102(c)(3), 102(c)(16) and 410 of the Debt Act, the Debt Statement of the Local Government Unit, including therewith a certification of the Borrowing Base, and, if desired, any statements required by Article II of the Debt Act necessary to qualify all or any portion of the Debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt.

The Designated Officers are hereby further authorized and directed to prepare and file all proceedings of the Local Government Unit relative to this incurrence of Debt with the Department of Community Affairs, and to respond to all inquiries or requests and to perform all other actions necessary to obtain the approval of the Secretary of the Department of Community Affairs to issue and deliver the Guaranty.

Section 2.03. General Obligation Covenant. The Local Government Unit hereby covenants with the holders of the Guaranty to: (a) include the amounts payable in respect of the Guaranty for each fiscal year in which such sums are payable in its budget for that year, (b) appropriate such amounts from its general revenues to the payment of the amounts payable in respect of the Guaranty, and (c) duly and punctually pay or cause to be paid from its revenues or funds, to the extent of its obligations, the amounts payable in respect of such Guaranty at the dates and places and in the manner stated in the Guaranty according to the true intent and meaning thereof.

For such budgeting, appropriation and payment under the Guaranty, the Local Government Unit hereby irrevocably pledges its full faith, credit and taxing power.

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

#### ARTICLE 3 - EXECUTION, FORM AND DELIVERY OF Guaranty

Section 3.01. Execution of the Guaranty. The Guaranty shall be executed on behalf of the Local Government Unit by any one of the Designated Officers and shall have the corporate seal of the Local Government Unit affixed thereto either manually or by engraved or lithographic facsimile, duly attested by its Secretary or Assistant Secretary, and any one of the Designated Officers are hereby authorized to execute the Guaranty as aforesaid as well as take all other appropriate and necessary action in connection therewith.

Section 3.02. Form of the Guaranty. The Guaranty shall be substantially in the form attached hereto as Exhibit "A", with such changes as the Designated Officers, or any one of them, may approve, such approval to be conclusively evidenced by their execution and delivery thereof. The Guaranty in the form executed and delivered by the Designated Officers are incorporated herein by reference.

Section 3.03. Delivery of the Guaranty. The Designated Officers are hereby authorized and directed, at the date of closing of the PENNVEST Loan to deliver the Guaranty to PENNVEST.

#### ARTICLE 4 - FINANCIAL INFORMATION

Section 4.01. Financial Information. The Local Government Unit covenants that it shall deliver to PENNVEST, as may be required by PENNVEST pursuant to the Guaranty or other related documents, financial information of the Local Government Unit, including, without limitation, (a) a copy of the Local Government Unit's audited financial and income statements; and (b) a copy of the Local Government Unit's proposed budget for the next fiscal year.

#### ARTICLE 5 - MISCELLANEOUS

Section 5.01. Expeditious Settlement. The Local Government Unit hereby authorizes and directs Bond Counsel and/or the Solicitor to undertake and perform all actions on behalf of the Local Government Unit necessary and proper to the expeditious execution and delivery of the Guaranty.

Section 5.02. Publications of Lease Rental Debt Ordinance. The action of the proper officers or agents in advertising a summary notice of this Lease Rental Debt Ordinance, as required by law, is ratified and confirmed. The advertisement of the enactment notice of this Lease Rental Debt Ordinance is hereby directed.

Section 5.03. Inconsistencies. All prior ordinances, resolutions, or other official acts or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Section 5.04. Statutory References. All references to specific provisions of statutory law herein contained may be read and interpreted by reference to amended, successor or replacement laws, but only to the extent consistent with the intent and clear meaning of this Lease Rental Debt Ordinance. All inconsistencies shall be resolved with recognition of, and in favor of, the rights of the holders of the Guaranty, whose rights shall not be impaired.

Section 5.05. Amendment and Waiver.

(a) Any term, covenant, agreement or condition of this Lease Rental Debt Ordinance or of the Guaranty may, with the consent of the Local Government Unit, be amended, or compliance therewith may be waived (either generally or in a particular instance and whether retroactively or prospectively), by a written instrument signed by the holder of the Guaranty.

(b) Any amendment or waiver pursuant to the foregoing clause (a) of this Section 5.05 shall be binding upon such holders of the Guaranty, upon each respective future holder of the Guaranty and upon the Local Government Unit. No notation need be made on the Guaranty at the time outstanding in respect of any such amendment or waiver, but any Guaranty executed and delivered thereafter may, at the option of the Local Government Unit, bear a notation referring to any such amendment or waiver then in effect.

Section 5.06. Costs, Expenses and Taxes. The Local Government Unit is authorized to pay all expenses incident to execution of the Guaranty. By way of example and not in limitation of the foregoing, such expenses shall be deemed to include the obligations, if any, of the Local Government Unit to pay the legal costs to the holders of the Guaranty, printing, copying, document production and other expenses incident to such transactions (including the fees and disbursements of the Solicitor and Bond Counsel for their services with relation to such transactions).

Section 5.07. Reliance on and Survival of Representations. All agreements, representations and warranties of the Local Government Unit herein and in any certificates or



other instruments delivered pursuant to this Lease Rental Debt Ordinance shall survive the execution and delivery of this Lease Rental Debt Ordinance and the execution and delivery of the Guaranty, and shall continue in effect so long as the Guaranty, or any of them, is outstanding and thereafter until all obligations under the Guaranty and this Lease Rental Debt Ordinance have been satisfied.

Section 5.08. Successors and Assigns. This Lease Rental Debt Ordinance shall bind and inure to the benefit of and be enforceable by the Local Government Unit, the holders of the Guaranty and their respective successors and assigns.

Section 5.09. Communications. All communications and notices provided for herein shall be hand delivered, or mailed by registered mail or any receipted courier, postage prepaid, and addressed as follows:

A. if to the Local Government Unit:

Jackson Township  
Board of Supervisors  
R.D. 6, Box 184  
Johnstown, Pennsylvania 15909  
Attention: Chairman

B. if to the Person who is a holder of the Guaranty, to the address provided to the Local Government Unit by such holder.

The address for any purpose hereof of the Local Government Unit, may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Local Government Unit to the holders of the Guaranty at such time. The address for any purpose hereof of any Person who is a holder of the Guaranty shall be the most recent such address furnished in writing by such Person to the Local Government Unit.

Any notice or other communication herein provided to be given to the holders of the Guaranty shall be deemed to have been duly given if delivered or mailed as aforesaid to the holders of the Guaranty at the time at the address for such purpose of such of such holder as it appears on the on the records of the Local Government Unit.

Section 5.10. Governing Law. This Lease Rental Debt Ordinance and the Guaranty and (unless otherwise provided) all amendments, supplements, waivers and consents relating hereto or thereto shall be construed in accordance with and governed by the law of the Commonwealth of Pennsylvania.

Section 5.11. Counterparts. This Lease Rental Debt Ordinance may be executed in one or more counterparts, each of

which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 5.12. Lease Debt Ordinance a Contract. This Lease Debt Ordinance shall be a contract with the holder, from time to time, of the Guaranty.

Section 5.13 No Personal Liability. No covenant or agreement contained in any of the Guaranty or in this Debt Ordinance shall be deemed to be the covenant or agreement of any member, officer, agent, attorney or employee of the Local Government Unit in his individual capacity, and neither the members of the Governing Body nor any Designated Officer executing the Guaranty shall be personally liable on the Guaranty or be subject to any personal liability or accountability by reason of the issuance thereof.

Duly adopted by the Board of Supervisors of Jackson Township, in lawful session assembled, on January 31, 1994.

JACKSON TOWNSHIP

By

Demetrius J. Brown  
Supervisor

By

David B. Jones  
Supervisor

By

Danahel B. D. Morgan  
Supervisor

ATTEST AS TO ALL SIGNATURES:

George E. Buckey  
Secretary

[SEAL]

7920.7:1/18/94:BE

JACKSON/EAST TAYLOR SEWER AUTHORITY - ME#27612

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT made as of the \_\_\_\_ day of \_\_\_\_\_, 19\_\_, by, between and among the JACKSON TOWNSHIP ("Guarantor"); JACKSON/EAST TAYLOR SEWER AUTHORITY ("Borrower"), a municipal authority organized and existing under the Pennsylvania Municipality Authorities Act of 1945, as amended, ("Act"); and the PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, with an office in 22 South Third Street, Harrisburg, Pennsylvania 17101 ("Authority"), as lender under a loan agreement of even date.

W I T N E S S E T H

WHEREAS, the Borrower has determined to undertake the costs of design and engineering costs of sewage collection and conveyance system within the meaning of the Pennsylvania Infrastructure Investment Authority Act of 1988, located in Jackson and East Taylor Township, Cambria County, Pennsylvania ("System");

WHEREAS, in order to finance the costs of the Project, the Borrower has determined to secure a loan from the Authority in

the amount of Three Hundred Fifty Thousand Dollars (\$350,000.00) ("Loan");

WHEREAS, the Borrower has this date properly executed a promissory note ("Note"), loan agreement ("Loan Agreement"), and other documents (collectively referred to as the "Loan Documents"), for the purposes of securing the Loan;

WHEREAS, under the terms of the Loan Documents, the Borrower has pledged its full faith and credit to repay the Loan in accordance with the terms and conditions of the Loan Documents, from the gross receipts and revenues generated from the use of the System and to the extent necessary, from any and all gross receipts and revenues; and

WHEREAS, as further security for the repayment of the Loan in accordance with the terms and conditions of the Loan Documents, the Guarantor, the Borrower and the Authority intend to enter into this agreement ("Guaranty Agreement"), as authorized by the Pennsylvania Local Government Unit Debt Act, as amended and reenacted 53 P.S. Sections 6780-1 et seq., ("Debt Act"), providing for the full and unconditional guarantee of repayment of the Loan in accordance with the terms and conditions of the Loan Documents, and the pledge by the Guarantor of its full faith, credit and taxing power to discharge all of its obligations under this Guaranty Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

Section 1. Pursuant to the provisions of the Debt Act and this Guaranty Agreement, the Guarantor hereby fully and unconditionally guarantees the payment, as and when due, of the full amount of each and every payment of the principal of, and interest on, the Loan.

Section 2. In order to carry out the provisions of Section 1 hereof, the Guarantor covenants with the Borrower and the Authority that it shall:

(a) Include amounts payable hereunder for each fiscal year in which such sums are payable in its budget for such year;

(b) Appropriate such amount from its general revenues for the payment of the amounts payable hereunder; and

(c) Duly and punctually pay or cause to be paid from such revenues, to the extent of its obligations hereunder; the amounts payable in respect hereof, at the dates and places and in the manner stated in Section 4 hereof, according to the true intent and meaning thereof.

For such budgeting, appropriation and payment, the Guarantor hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable, subject, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this Section shall be construed to give the Guarantor any taxing power not granted by another provision of law. The Guarantor agrees that this covenant may be enforced against it by the Authority or its assigns or successors as provided in the Debt Act.

Section 3. The Authority agrees to cause all sums received pursuant to this Guaranty Agreement to be applied to payment of the principal of, and interest on, the Loan as provided in the Loan Documents.

Section 4. It is intended by the parties hereto that the Guarantor shall be required to pay to the Authority only that portion of the principal of, and interest on, the Loan due in any fiscal year as cannot be paid from funds applicable thereto, paid by the Borrower to, or held by, the Authority pursuant to the Loan Documents, including moneys set aside for such purposes from the proceeds of the Loan for the payment of interest during construction or from the operation of the System. Therefore, the Guarantor shall be entitled, under this Guaranty Agreement, in each

fiscal year, to a total credit equal in the aggregate to the amounts transferred by the Borrower to the Authority or otherwise available to the Authority for application to payment of principal of, and interest on, the Loan in accordance with the terms of the Loan Documents. Accordingly, not less than fifteen (15) days prior to any interest or principal and interest payment date ("Payment Date") with respect to the Loan, the Borrower shall notify the Guarantor hereunder of any deficiency in moneys paid or to be paid to the Authority for payment of principal of and/or interest on the Loan on the next following Payment Date, and the Guarantor shall forthwith pay over to the Authority, not later than the day prior to such Payment Date, the amount required to make up such deficiency.

Section 5. In order for the Guarantor to provide in its budget for payments due pursuant to this Guaranty Agreement, Borrower shall, at least thirty (30) days before the beginning of each fiscal year of the Guarantor, beginning with the fiscal year commencing on \_\_\_\_\_, 19\_\_\_\_, cause to be delivered to the Guarantor an estimate, prepared and certified by the Borrower's Consulting Engineers, of the proceeds to be received by the Borrower from the operation of the System as well as other revenues and receipts which are anticipated to be available for payment of principal of and/or interest on the Loan on each Payment Date in such fiscal year and of any other moneys available to the Borrower or Authority for such purpose.

Section 6. The maximum amounts of principal of, and interest on, the Loan guaranteed by the Guarantor are as set forth in Exhibit A, attached hereto and made a part thereof.

Section 7. The obligations of the Guarantor hereunder are absolute, full and unconditional and shall remain in full force and effect until the Borrower shall have fully and satisfactorily discharged all of its obligations under the Loan Documents, irrespective of the genuineness, validity, regularity, or enforceability of the Loan Documents, or of any termination thereof, and shall not be affected or impaired in any way by reason of:

(a) Any failure of the Borrower or the Authority to retain or preserve any rights against any person (including, in the case of the Authority, the Borrower) or in any property, the inaccuracy of any estimates delivered to the Guarantor hereunder or of the calculation of the principal of, and interest on, the Loan;

(b) The invalidity of any such rights which the Borrower or the Authority may attempt to obtain;

(c) The lack of prior enforcement by the Borrower or the Authority of any rights against any person (including, in the case of the Authority, the Borrower) or in any property; or



(d) The dissolution of the Borrower or of the Authority.

Nor shall the obligation of the Guarantor hereunder be affected in any way by any compromise, settlement, release, revival, extension, indulgence, change in or modification of any of the obligations or liabilities of the Borrower under the Loan Documents (including, but not limited to, any modification, limitation, or discharge arising out of or by virtue of any bankruptcy, arrangement, reorganization or similar proceeding for relief of debts under federal or state law hereinafter initiated by or against the Borrower), or any redelivery, repossession, surrender or destruction of the System located therein, in whole or in part. The Guarantor hereby waives any right to require, and the benefit of all laws now or hereafter in effect giving such Guarantor the right to require, any such prior enforcement as referred to in (c) above, and the Guarantor agrees that any delay in enforcing or failure to enforce any such rights shall not in any way affect its liability hereunder; and the Guarantor hereby waives all rights and benefits which might accrue to it by reason of any of the aforesaid bankruptcy, arrangement, reorganization, or similar proceedings and agrees that its liabilities hereunder for the obligations of the Borrower under the Loan Documents shall not be affected by any modification, limitation or discharge of the liabilities of the Borrower that may result from any such proceedings.

Section 8. The Guarantor further agrees to pay to the Authority, on demand, all costs and expenses, legal or otherwise (including counsel fees), which may be incurred in the enforcement of the Loan Documents or the liability of the Borrower hereunder. No delay in making demand on the Borrower for performance of any obligation hereunder shall prejudice the right to enforce such performance.

Section 9. It is understood and agreed that the obligations of the Guarantor to make payments hereunder shall be absolute and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the Borrower of any obligation to it whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to it by the Borrower.

Section 10. If in any fiscal year the total principal of, and interest on, the Loan due in such year shall be in excess of the total credit to which the Guarantor is entitled under Section 4 hereof and the Guarantor has accordingly paid over to the Authority such amount or amounts as are at that time required to fully discharge the obligation of the Guarantor in such fiscal year under this Guaranty Agreement, then the Borrower agrees to reimburse the Guarantor from any of its moneys available for that purpose for the amounts so paid to the Authority; provided, however, that the Borrower's Consulting Engineers shall first have

certified that Borrower's moneys intended to be used for such reimbursement will not be required within twelve (12) months to operate or make needed repairs to the System or for capital additions thereto necessary for the proper and efficient operation of the System.

Section 11. The Borrower agrees (a) to diligently and efficiently operate the System in a prudent and businesslike manner and, in connection therewith, to file the necessary reports and documents and take all necessary actions to assure the continued operation of the System, all in a timely manner, and (b) to provide for the proper and timely assessment of rates to the users, customers or those benefited by the operation of the System, sufficient to pay operating costs thereof and the Borrower's obligations under the Loan Documents, and to provide for the collection of such rates.

Section 12. The Guarantor shall take all necessary actions to secure the approval of the Department of Community Affairs ("DCA") or its successor department, board or commission, to enter into this Guaranty Agreement, pursuant to requirements set forth in the Local Government Unit Debt Act, 53 P.S. Section 6780-161(a).

Section 13. The Borrower shall cause to be delivered to the Guarantor copies of all such budgets, financial reports and

other certificates and documents with respect to the operation of the System, including any amounts due and payable to the Authority pursuant to the terms of the Loan Documents, and shall permit the Guarantor reasonable access to the accounts and all records of the Borrower.

Section 14. This Guaranty Agreement shall inure to the benefit of and shall be binding upon the Borrower and the Authority and their respective successors and assigns, and the Authority shall have the right to enforce this Guaranty Agreement as provided in law or in equity for the benefit of its successors or assigns from time to time, if it so chooses.

Section 15. Except as otherwise provided in the Loan Agreement, subsequent to the initial disbursement of proceeds under the Loan Documents and prior to payment or provision for payment of the Loan in full, this Guaranty Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the Authority without the prior written consent of the Authority.

Section 16. This Guaranty Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same guaranty.

Section 17. In the event that for any reason one or more of the provisions of this Agreement or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not effect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 18. The laws of the Commonwealth of Pennsylvania shall govern the construction of this Guaranty Agreement.

IN WITNESS WHEREOF, the parties have caused this Guaranty Agreement to be executed by their proper officers and their corporate seals to be affixed hereto and attested each as of the date and year first above written.

ATTEST:

JACKSON TOWNSHIP

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(SEAL)

ATTEST:

JACKSON/EAST TAYLOR

SEWER AUTHORITY

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(SEAL)

EXHIBIT A

Guaranty Agreement dated as of

\_\_\_\_\_ between and among

\_\_\_\_\_ and the

Pennsylvania Infrastructure Investment Authority

Year Ending

	Total		
<u>12/31</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>
1992			
1993			
1994			
1995			
1996			
1997			
1998			
1999			
2000			

(A) Calculated at \_\_\_\_\_%, assuming a loan date of  
\_\_\_\_\_, 19\_\_\_\_.

A. FORM OF LOAN AGREEMENT



Guaranty Agreement dated as of  
\_\_\_\_\_ by, between and among  
Jackson Township,  
Jackson/East Taylor Sewer Authority  
and  
Pennsylvania Infrastructure Investment Authority

DEBT SERVICE  
AND PRINCIPAL AMORTIZATION SCHEDULE\*

SEE ATTACHED AMORTIZATION SCHEDULE

\*NOTE: Place of payment is the office of the Sinking Fund  
Depository.

Assumes (i) the date of issuance will be March 1, 1994,  
and (ii) on the date of issuance the full \$350,000 loan  
will be advanced, and (iii) a fixed interest rate of 1%  
per annum. Timing of debt service payments (principal  
and interest) and the amount of interest due and  
payable will be adjusted if the date of issuance is  
other than March 1, 1994.

Exhibit "A"

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Jackson/East Taylor Sewer Authority/Pennvest Loan  
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Pg

Compounding period...: Monthly

Nominal annual rate...: 1.000  
Effective annual rate: 1.005  
Periodic rate.....: 0.0833  
Equivalent daily rate: 0.00274

CASH FLOW DATA

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Event	Date	Amount	#	Period	End-date
1 Loan	03-01-94	350,000.00	1		
2 Payment	04-01-94	0.00	F 15	Monthly	06-01-95
3 Payment	07-01-95	7,927.76	44	Monthly	02-01-99
4 Payment	03-01-99	7,927.86	1		

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AMORTIZATION SCHEDULE - Normal amortization

Pmt	Date	Payment	Interest	Principal	Balance
Loan	03-01-1994				350,000.00
1	04-01-1994	291.67	291.67	0.00	350,000.00
2	05-01-1994	291.67	291.67	0.00	350,000.00
3	06-01-1994	291.67	291.67	0.00	350,000.00
4	07-01-1994	291.67	291.67	0.00	350,000.00
5	08-01-1994	291.67	291.67	0.00	350,000.00
6	09-01-1994	291.67	291.67	0.00	350,000.00
7	10-01-1994	291.67	291.67	0.00	350,000.00
8	11-01-1994	291.67	291.67	0.00	350,000.00
9	12-01-1994	291.67	291.67	0.00	350,000.00
1994	totals	2,625.03	2,625.03	0.00	
10	01-01-1995	291.67	291.67	0.00	350,000.00
11	02-01-1995	291.67	291.67	0.00	350,000.00
12	03-01-1995	291.67	291.67	0.00	350,000.00
13	04-01-1995	291.67	291.67	0.00	350,000.00
14	05-01-1995	291.67	291.67	0.00	350,000.00
15	06-01-1995	291.67	291.67	0.00	350,000.00
16	07-01-1995	7,927.76	291.67	7,636.09	342,363.91
17	08-01-1995	7,927.76	285.30	7,642.46	334,721.45
18	09-01-1995	7,927.76	278.93	7,648.83	327,072.62
19	10-01-1995	7,927.76	272.56	7,655.20	319,417.42
20	11-01-1995	7,927.76	266.18	7,661.58	311,755.84
21	12-01-1995	7,927.76	259.80	7,667.96	304,087.88
1995	totals	49,316.58	3,404.46	45,912.12	
22	01-01-1996	7,927.76	253.41	7,674.35	296,413.53
23	02-01-1996	7,927.76	247.01	7,680.75	288,732.78
24	03-01-1996	7,927.76	240.61	7,687.15	281,045.63
25	04-01-1996	7,927.76	234.20	7,693.56	273,352.07
26	05-01-1996	7,927.76	227.79	7,699.97	265,652.10
27	06-01-1996	7,927.76	221.38	7,706.38	257,945.72

Pmt	Date	Payment	Interest	Principal	Balance
28	07-01-1996	7,927.76	214.95	7,712.81	250,232.91
29	08-01-1996	7,927.76	208.53	7,719.23	242,513.68
30	09-01-1996	7,927.76	202.09	7,725.67	234,788.01
31	10-01-1996	7,927.76	195.66	7,732.10	227,055.91
32	11-01-1996	7,927.76	189.21	7,738.55	219,317.36
33	12-01-1996	7,927.76	182.76	7,745.00	211,572.36
1996	totals	95,133.12	2,617.60	92,515.52	
34	01-01-1997	7,927.76	176.31	7,751.45	203,820.91
35	02-01-1997	7,927.76	169.85	7,757.91	196,063.00
36	03-01-1997	7,927.76	163.39	7,764.37	188,298.63
37	04-01-1997	7,927.76	156.92	7,770.84	180,527.79
38	05-01-1997	7,927.76	150.44	7,777.32	172,750.47
39	06-01-1997	7,927.76	143.96	7,783.80	164,966.67
40	07-01-1997	7,927.76	137.47	7,790.29	157,176.38
41	08-01-1997	7,927.76	130.98	7,796.78	149,379.60
42	09-01-1997	7,927.76	124.48	7,803.28	141,576.32
43	10-01-1997	7,927.76	117.98	7,809.78	133,766.54
44	11-01-1997	7,927.76	111.47	7,816.29	125,950.25
45	12-01-1997	7,927.76	104.96	7,822.80	118,127.45
1997	totals	95,133.12	1,688.21	93,444.91	
46	01-01-1998	7,927.76	98.44	7,829.32	110,298.13
47	02-01-1998	7,927.76	91.92	7,835.84	102,462.29
48	03-01-1998	7,927.76	85.39	7,842.37	94,619.92
49	04-01-1998	7,927.76	78.85	7,848.91	86,771.01
50	05-01-1998	7,927.76	72.31	7,855.45	78,915.56
51	06-01-1998	7,927.76	65.76	7,862.00	71,053.56
52	07-01-1998	7,927.76	59.21	7,868.55	63,185.01
53	08-01-1998	7,927.76	52.65	7,875.11	55,309.90
54	09-01-1998	7,927.76	46.09	7,881.67	47,428.23
55	10-01-1998	7,927.76	39.52	7,888.24	39,539.99
56	11-01-1998	7,927.76	32.95	7,894.81	31,645.18
57	12-01-1998	7,927.76	26.37	7,901.39	23,743.79
1998	totals	95,133.12	749.46	94,383.66	
58	01-01-1999	7,927.76	19.79	7,907.97	15,835.82
59	02-01-1999	7,927.76	13.20	7,914.56	7,921.26
60	03-01-1999	7,927.86	6.60	7,921.26	0.00
1999	totals	23,783.38	39.59	23,743.79	
Grand totals		361,124.35	11,124.35	350,000.00	