

Original

2000-4

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated 8/2/00, 2000, by and among the BOROUGH OF MIDDLEPORT, the BOROUGH OF NEW PHILADELPHIA, the TOWNSHIP OF BLYTHE and the TOWNSHIP OF SCHUYLKILL, collectively as guarantors (the "Municipalities"), the SCHUYLKILL VALLEY SEWER AUTHORITY, a body corporate and politic existing under the Municipal Authorities Act of the Commonwealth of Pennsylvania (the "Authority"), and COMMUNITY BANKS, N.A., a national banking association (the "Bank"), as holder of the Authority's Line of Credit.

WITNESSETH:

WHEREAS, the Authority is a joint municipal authority incorporated under the Act (hereinafter defined) by the Municipalities; and

WHEREAS, the Authority intends to authorize and to issue its Line of Credit in a principal amount not to exceed One Million Two Hundred Fifty-Four Thousand Two Hundred (\$1,254,200.00) (the "Note"), to the Bank; and

WHEREAS, the proceeds to be derived from the issuance of the Note will be applied, together with other funds available or to be available to the Authority for and towards the following: (i) payment of engineering and related costs associated with the design and preliminary construction work related to the construction of a sewage collection, transmission and treatment system to serve the Municipalities (the "Project") and (ii) the payment of the costs and expense associated with the issuance of the Note; and

WHEREAS, the Municipalities, as a condition to the purchase of the Note by the Bank, and to further enhance and ensure the marketability of the Note, desires to enter into this Guaranty Agreement with respect to the Note, as permitted by and in accordance with the terms and conditions of the Debt Act (hereinafter defined); and

WHEREAS, The parties hereto desire to set forth the terms and conditions under and pursuant to which the Note shall be guaranteed by the Municipalities and related matters.

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

1. In addition to the terms and phrases which may be elsewhere defined in this Guaranty Agreement, terms and phrases defined in this Section 1, for all purposes of this Guaranty Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

1.1. "Act" shall mean the Act of the General Assembly of the Commonwealth, known as the Municipality Authorities Act of 1945 of the Commonwealth of Pennsylvania, approved by May 2, 1945, P.L. No. 382, 53 P.S. §301 et seq., as amended and supplemented from time to time.

1.2. "Authority" shall mean the Schuylkill Valley Sewer Authority, a body corporate and politic created and existing under the Act, acting through the Board.

1.3. "Blythe" shall mean the Township of Blythe, Schuylkill County, Pennsylvania, acting through its Board of Supervisors.

1.4. "Board" shall mean, at any given time, the governing body of the Authority.

1.5. "Commonwealth" shall mean the Commonwealth of Pennsylvania.

1.6. "Debt Act" shall mean the Act of the General Assembly of the Commonwealth, known as the "Local Government Unit Debt Act", approved April 28, 1978, Act of 52, as amended and supplemented, from time to time.

1.7. "Debt Service" shall mean, with respect to any Fiscal Year, amounts required to pay interest on, premium, if any, and principal of the Note (which is not to be paid from amounts on deposit in any sinking fund or redemption, retirement or similar fund or account) during such Fiscal Year.

1.8. "Fiscal Year" shall mean the fiscal year of the County as provided by laws of the Commonwealth.

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

1.10 "Middleport" shall mean the Borough of Middleport, Schuylkill County, Pennsylvania, acting through its Borough Council.

1.11 "Municipalities" shall mean collectively Blythe, Middleport, New Philadelphia and Schuylkill and "Municipality" shall mean each of the Municipalities individually.

1.12 "New Philadelphia" shall mean the Borough of New Philadelphia, Schuylkill County, Pennsylvania, acting through its Borough Council.

1.13. "Schuylkill" shall mean the Township of Schuylkill, Schuylkill County, Pennsylvania, acting through its Board of Supervisors.

2. Each Municipality represents and warrants as to the Municipality that:

2.1. The Municipality is duly formed and validly existing under the laws of the Commonwealth of Pennsylvania.

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

2.3. The Municipality has duly authorized all necessary action on its part to enter into this Guaranty Agreement, pursuant to proper and necessary official action of its governing body in accordance with laws of the Commonwealth.

2.4. The Municipality's entering into this Guaranty Agreement is in furtherance of, and is necessary to promote the health and general welfare of the inhabitants of the Municipality, and the assumption of the obligations by the Municipality hereunder constitutes the incurring of lease rental debt pursuant to the terms and conditions of the Debt Act; and the Municipality has taken all proper proceedings pursuant to the Debt Act and has obtained all approvals required to be obtained in connection with the execution and delivery of this Guaranty Agreement.

3. Subject to the limitations set forth in this Section 3, the Municipalities hereby severally guarantee, unconditionally and irrevocably, to the Bank (a) the full and prompt payment of the principal of the Note when and as such shall be due and payable, whether at the stated maturity thereof, upon acceleration in accordance with the terms and conditions thereof, or otherwise; and (b) the full and prompt payment of the interest on the Note when and as such shall be due and payable. The Municipality also agrees to pay all costs, fees and expenses (including court costs and reasonable attorneys' fees) paid or incurred by the Bank in realizing upon any of the payments guaranteed hereby or, to the extent permitted by law, in enforcing or attempting to enforce this Agreement. Nothing contained in this Agreement shall in any way be construed to imply that the Municipalities shall be or become liable or responsible for any other debt or obligation of the Authority.

Notwithstanding anything to the contrary contained herein or elsewhere, the right of recovery and the several liability hereunder of each Municipality shall be limited to the amount set forth opposite its name below, it being the specific intent of this provision that this Guaranty shall be unconditional except that the several liability of each Municipality shall be limited (the "Guaranty Limit") as indicated:

Name	Amount
Blythe	\$301,008.00
Middleport	\$175,588.00
New Philadelphia	\$401,344.00
Schuylkill	\$376,260.00

4. Except as may be expressly provided herein or elsewhere, the Municipalities shall not be responsible or liable to the Authority or the Bank for the payment of any other costs, fees, expenses or charges arising in connection with the issuance of the Note, or the enforcement of any rights of the Authority or the Bank against any other person.

5. All payments required to be made by the Municipalities under this Guaranty Agreement shall be made in lawful money of the United States of America at the office of the Bank and at the times specified in the Note.

6. Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause of action under this Guaranty Agreement; and separate suits (or one suit which may consolidate more than one cause of action) may be instituted pursuant to this Guaranty Agreement, from time to time, as such cause of action(s) may arise.

7. Each Municipality covenants to and with the Bank that the Municipality shall (a) include in its budget and appropriate for each Fiscal Year in which Debt Service is payable on the Note (beginning with its 2000 Fiscal Year), an amount equal to the lesser of the Debt Service on the Note for such Fiscal Year or that Municipality's Guaranty Limit, and (b) duly and punctually pay or cause to be paid to the Bank such amounts, pursuant to Section 3 at the times and in the manner provided for herein and in the Note, at the principal office of the Bank, according to the true intent and meaning hereof. For such budgeting, appropriation and payment, each Municipality pledges its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the Municipality.

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

8. In the event of a default in payment of principal of the Note when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration under the provisions thereof, or in the event of a default in the payment of any interest on the Note when and as the same shall become due and payable, the Bank shall be entitled to proceed hereunder without proceeding against or exhausting any other remedies which it may have against the Authority or its assets.

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

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

11. So long as the Note shall be issued and outstanding and the Guaranty Agreement shall be in full force and effect, if the Authority shall fail to pay to the Bank principal or interest due and payable with respect to the Note, the Bank shall immediately give written notice of such deficiency to the Authority and to the Municipalities, which notice shall specify the amount of the deficiency. The Municipalities under and subject to the provisions of this Guaranty Agreement, shall promptly pay to the Bank an amount which, together with other monies available to the Bank, will be sufficient to make payment of principal and interest on the Note then due in the proportion which each Municipality's Guaranty Limit bears to the amount then due, but not in excess of such Guaranty Limit.

12. Anything contained in this Guaranty Agreement to the contrary notwithstanding, except as provided herein with respect to expenses incurred in connection with the enforcement hereof, the obligations of each Municipality hereunder shall be satisfied in full and discharged when (a) interest on, and principal of the Note shall have been paid in full, or (b) the limited amount under Section 3 hereof shall have been paid in full by the Municipality to be discharged.

13. No amendment, change, modification, alteration or termination of the Note shall be effective which would in any way increase obligations of the Municipalities under this Guaranty Agreement, without obtaining the prior written consent of the Municipality. No amendment, change, modification, alteration or termination of the Municipalities' obligations hereunder shall be effective without the Bank's consent if the effect of such amendment, change, modification, alteration or termination is to impair the security of the Note by changing the coverage of the Municipalities' guaranty obligation.

14. In the event of default by the Municipalities 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 which otherwise may be provided at law or in equity or by other statutes.

15. 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 and 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 should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or course

of dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties. Notwithstanding any other provision hereof to the contrary, no recourse shall be had for the payment of the principal of or interest on the Note, or for any claim based hereon or on the action of the Municipalities authorizing and approving the execution and delivery of this Guaranty Agreement, against any member, officer or employee, past, present, or future, of the Municipalities or of any successor body, as such, either directly or through the Municipalities or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Guaranty Agreement.

16. This Guaranty Agreement constitutes the entire agreement, and superseded 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, together, shall constitute but one and the same instrument.

17. Provisions of this Guaranty Agreement shall be severable; and in the event of the invalidity or unenforceability of any one or more phrases, sentences, clauses, sections or parts, in this Guaranty Agreement contained, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Guaranty Agreement or any remaining parts thereof.

18. This Guaranty Agreement may be amended and/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 which shall diminish or discontinue the obligations of the Municipalities hereunder.

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

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

ATTEST: _____
TOWNSHIP OF BLYTHE
By _____

ATTEST: _____
BOROUGH OF MIDDLEPORT
By _____

ATTEST: _____
BOROUGH OF NEW PHILADELPHIA
By _____

ATTEST:

Mary E Gubel

ATTEST:

ATTEST:

TOWNSHIP OF SCHUYLKILL

By Jeanne Thompson

SCHUYLKILL VALLEY SEWER AUTHORITY

By _____

COMMUNITY BANKS, N.A.

By _____

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF SCHUYLKILL :

On this, the _____ day of _____, 2000, before me, a Notary Public in and for said County and State personally appeared _____, Secretary of the TOWNSHIP OF BLYTHE, who, being duly sworn according to law, says that he was personally present at the execution of the Agreement and saw the official seal of the Township of Blythe duly affixed thereto; and the seal so affixed is the official seal for the Township of Blythe, that the Agreement was duly executed and delivered by _____ of the Township of Blythe and for the uses and purposes therein mentioned; and that the name of this deponent as Secretary and of _____ as _____ of the Township of Blythe are subscribed to the within Agreement in attestation of their due execution and delivery, and are their and each of their respective handwritings.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA :
 : ss
COUNTY OF SCHUYLKILL :

On this, the _____ day of _____, 2000, before me, a Notary Public in and for said County and State personally appeared _____, Secretary of the BOROUGH OF MIDDLEPORT, who, being duly sworn according to law, says that he was personally present at the execution of the Agreement and saw the official seal of the Borough of Middleport duly affixed thereto; and the seal so affixed is the official seal for the Borough of Middleport, that the Agreement was duly executed and delivered by _____ of the Borough of Middleport and for the uses and purposes therein mentioned; and that the name of this deponent as Secretary and of _____ as _____ of the Borough of Middleport are subscribed to the within Agreement in attestation of their due execution and delivery, and are their and each of their respective handwritings.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA :
 : SS
COUNTY OF SCHUYLKILL :

On this, the ____ day of _____, 2000, before me, a Notary Public in and for said County and State personally appeared _____, Secretary of the BOROUGH OF NEW PHILADELPHIA, who, being duly sworn according to law, says that he was personally present at the execution of the Agreement and saw the official seal of the Borough of New Philadelphia duly affixed thereto; and the seal so affixed is the official seal for the Borough of New Philadelphia, that the Agreement was duly executed and delivered by _____ of the Borough of New Philadelphia and for the uses and purposes therein mentioned; and that the name of this deponent as Secretary and of _____ as _____ of the Borough of New Philadelphia are subscribed to the within Agreement in attestation of their due execution and delivery, and are their and each of their respective handwritings.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF SCHUYLKILL :

On this, the ____ day of _____, 2000, before me, a Notary Public in and for said County and State personally appeared _____, Secretary of the TOWNSHIP OF SCHUYLKILL, who, being duly sworn according to law, says that he was personally present at the execution of the Agreement and saw the official seal of the Township of Schuylkill duly affixed thereto; and the seal so affixed is the official seal for the Township of Schuylkill, that the Agreement was duly executed and delivered by _____ of the Township of Schuylkill and for the uses and purposes therein mentioned; and that the name of this deponent as Secretary and of _____ as _____ of the Township of Schuylkill are subscribed to the within Agreement in attestation of their due execution and delivery, and are their and each of their respective handwritings.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA :
 : SS
COUNTY OF SCHUYLKILL :

On this, the _____ day of _____, 2000, before me, a Notary Public in and for said County and State personally appeared _____, Secretary of the SCHUYLKILL VALLEY SEWER AUTHORITY, who, being duly sworn according to law, says that he was personally present at the execution of the Agreement and saw the official seal of the Schuylkill Valley Sewer Authority duly affixed thereto; and the seal so affixed is the official seal for the Schuylkill Valley Sewer Authority, that the Agreement was duly executed and delivered by _____ of the Schuylkill Valley Sewer Authority and for the uses and purposes therein mentioned; and that the name of this deponent as Secretary and of _____ as _____ of the Schuylkill Valley Sewer Authority are subscribed to the within Agreement in attestation of their due execution and delivery, and are their and each of their respective handwritings.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA :
 : SS
COUNTY OF SCHUYLKILL :

On this _____ day of _____, 2000, before me, a notary public, the undersigned officer, personally appeared _____, who acknowledged himself to be a Commercial Loan Officer of COMMUNITY BANKS, N.A., a national banking association, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.
