

AN ORDINANCE OF THE BOROUGH OF HARRISVILLE
(BUTLER COUNTY, PENNSYLVANIA)
ENACTED MAY 1, 2017 AND NUMBERED 01/17.

AUTHORIZING THE INCURRING OF LEASE RENTAL INDEBTEDNESS IN AN AGGREGATE AMOUNT OF SIX HUNDRED NINETY NINE THOUSAND SEVEN HUNDRED SEVENTY DOLLARS (\$699,770.00) BY THE EXECUTION AND DELIVERY OF A GUARANTY AGREEMENT BETWEEN THE BOROUGH OF HARRISVILLE AND THE BOROUGH OF GROVE CITY IN SUPPORT OF THE DEBT SERVICE ON THE BONDS; COVENANTING TO PAY, AND PLEDGING UNLIMITED TAXING POWER FOR THE PAYMENT OF ITS OBLIGATIONS UNDER THE GUARANTY; AUTHORIZING FILINGS OF REQUIRED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; DIRECTING ACTIONS OF OFFICERS AND OTHER ACTIONS; AND MAKING OTHER COVENANTS IN RESPECT OF THE GUARANTY.

Bond Counsel:

Dinsmore & Shohl LLP
One Oxford Centre, Suite 2800
301 Grant Street
Pittsburgh, PA 15219

Solicitor:

Nash Law Office
164 S Main Street
Slippery Rock, PA 16057

WHEREAS, the Governing Body of the Local Government Unit, after due consideration of the public welfare and with full legal competence pursuant to its enabling legislation, has determined to undertake the Project hereinafter described; and

WHEREAS, the Governing Body of the Local Government Unit desires to incur indebtedness, within constitutional and statutory limitations, in order to undertake said Project; and

WHEREAS, the incurrence of such indebtedness is governed by the provisions of the Local Government Unit Debt Act, 53 Pa.C.S.A. §8001 et seq., as amended (the "Debt Act") with which this Debt Ordinance and all related proceedings of the Borough of Harrisville and all duly authorized actions of its officers are intended to comply;

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

ARTICLE I -- DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Debt Ordinance, have the meanings hereby ascribed to them. Moreover, such terms, together with all other provisions of this 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 and Economic Development or by courts maintaining competent jurisdiction, and consistent with the Guaranty hereinafter discussed and the related corporate resolutions, and financing documents and instruments of the Issuer hereinafter identified. Words or phrases importing the masculine gender shall be read and understood to include the feminine and neuter genders and those importing number shall include singular or plural, both as appropriate to the context. The word "person," in addition to natural persons, shall mean and include corporations, associations and public bodies and their successors unless the context shall indicate otherwise.

"Bonds" shall mean the Borough of Grove City General Obligation Bonds, Series of 2017, in the maximum aggregate principal amount of \$12,065,000.00.

"Bond Counsel" shall mean Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania.

"Bond Documents" shall mean the standard agreements and assignments executed and entered into by the Issuer in connection with the issuance of the Bonds.

"Bond Ordinance" shall mean the formal action of the Issuer authorizing, among other items, the issuance of the Bonds and setting forth the terms and conditions of their payment, and the execution and delivery of the Bond Documents.

"Debt Ordinance" shall mean this document, being the formal action taken by the Local Government Unit according to the requirements of Section 8003 of the Debt Act in order to authorize and incur the lease rental indebtedness 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.

"Designated Officer" or "Designated Officers" shall mean and include, individually or jointly, the President, Vice President and Secretary of the Borough Council (and their appropriate successors acting by reason of absence or other incapacity) being those duly elected or appointed and acting officials of the Local Government Unit, hereby authorized to undertake and perform the actions herein specified necessary and proper to the issuance of the Guaranty and compliance with the Debt Act.

"Governing Body" shall mean the Borough Council 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 Guaranty Agreement between the Local Government Unit and the Issuer pursuant to which the Local Government Unit guarantees a portion of the payment obligations of the Bonds. A copy of the substantial form of the Guaranty is attached to this Debt Ordinance as **Exhibit A** and is incorporated by reference herein.

"Issuer" shall mean the Borough of Grove City, a Borough situated in Butler County, Pennsylvania, duly organized and validly existing under the Constitution and laws of the Commonwealth, particularly the Borough Code, Act of February 1, 1966, P.L. (1965) 1656, as amended.

“Local Government Unit” shall mean the Borough of Harrisville, situated in the County of Butler, a borough of the Commonwealth of Pennsylvania duly organized and validly existing under the Constitution and laws of the Commonwealth.

“Project” shall mean the incurrence of lease rental indebtedness and guarantee by the Local Government Unit of an aggregate amount of indebtedness of \$699,770.00 (being the Local Government Unit's representative share of the costs of previously completed capital improvements to the Grove City Borough Wastewater Treatment Plant, based upon flow percentages) to provide funds for (i) the refunding of all or a portion of the Borough of Grove City's outstanding General Obligation Bonds, Series of 2009 (which were previously guaranteed, in part, by the Township); and (ii) the payment of the costs of issuance of the Bonds. Reasonable estimates of the cost of the same together with a forecast of the useful life of the same (being, on a weighted average, in excess of 24 years), have been obtained with the assistance of engineers, financial advisors and other persons qualified by experience. Nothing contained herein shall prohibit the Governing Body, under proper enactment of an ordinance and compliance with all provisions of law, from amending, adding to, subtracting from, substituting for or otherwise altering the Project undertaken hereby.

“Purchaser” shall mean RBC Capital Markets LLC, One PPG Place – Suite 2900, Pittsburgh, PA 15222.

“Redemption Price” shall mean 100% of the principal amount of (or portion of) the Bonds, together with accrued interest to the date fixed for redemption.

--END OF ARTICLE 1--

ARTICLE II -- AUTHORIZATION OF INDEBTEDNESS

Section 2.01 Incurrence. The Local Government Unit does hereby authorize and direct the incurrence of lease rental indebtedness in an amount of \$699,770.00; such debt shall be evidenced by the Guaranty to be executed and delivered according to the provisions of this Debt Ordinance and the Debt Act, as a general obligation of the Local Government Unit.

Section 2.02 Approval of Guaranty. The Local Government Unit does hereby approve the Guaranty substantially in the form set forth in **Exhibit A**, attached to this Debt Ordinance and incorporated by reference herein; the Designated Officers are authorized and directed to execute and deliver the Guaranty, with such modifications and completions from **Exhibit A** as they shall, in their uncontroverted discretion, deem appropriate and in the best interests of the Local Government Unit and the Issuer.

Section 2.03 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 8002 and 8110 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 the Debt Act necessary to qualify all or any portion of the indebtedness for exclusion from the appropriate debt limit as self-liquidating or subsidized debt.

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 indebtedness with the Department of Community and Economic Development and to respond to all inquiries or requests and to perform all other actions necessary to obtain the approval of the Secretary to execute and deliver the Guaranty.

Section 2.04 General Obligation Covenant. The Local Government Unit hereby covenants with the owners from time to time of the Bonds to: (a) include, within the limits of this Debt Ordinance and the Guaranty, the amounts necessary to service the debt on the Bonds, 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 debt service, and (c) duly and punctually pay, or cause to be paid, from its General Fund or from any other of its revenues or funds, the principal of and the interest, within the limits of this Debt Ordinance and the Guaranty, on the Bonds at the dates and places and in the manner stated therein according to the true intent and meaning thereof.

For such budgeting, appropriation and payment of the Bonds, the Local Government Unit hereby irrevocably pledges its full faith, credit and taxing power. The maximum amount of debt service hereby covenanted to be paid is set forth in Schedule 1, attached hereto.

As provided in the Debt Act, the foregoing covenant is specifically enforceable.

--END OF ARTICLE 2--

ARTICLE III -- SETTLEMENT

Section 3.01 Concurrence of Award to Purchaser. After due consideration of various factors, including professional assistance and current market conditions, the Governing Body hereby approves the award of the Bonds by the Issuer to the Purchaser and concurs in finding that a private sale by negotiation is in the best financial interest of the Issuer and the Local Government Unit.

Section 3.02 Settlement. The Designated Officers are authorized and directed to undertake and perform, or cause to be undertaken or performed, all such ordinary duties of the Local Government Unit (which are hereby specifically approved) that may be required under, or reasonably contemplated by, the execution and delivery of the Guaranty in connection with the issuance of the Bonds, including execution and delivery of such certificates, orders and agreements as may be necessary, in the opinion of Bond Counsel or Solicitor, to proper settlement of the Bonds.

Section 3.03 Ratification. The action of the proper officers or agents in advertising a Summary Notice of this Debt Ordinance, as required by law, is ratified and confirmed. The advertisement of the Enactment Notice of this Debt Ordinance is hereby directed.

Section 3.04 Debt Ordinance A Contract. This Debt Ordinance shall be a contract with the Purchaser and any subsequent owners, from time to time, of the Bonds.

Section 3.05 Inconsistencies. All prior ordinances, resolutions, or other official acts or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistencies.

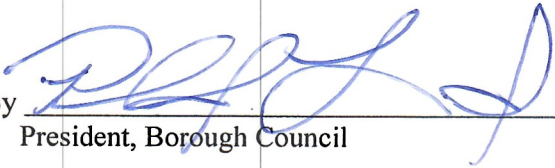
Section 3.06 Statutory References. All references to specific provisions of statutory law herein contained may be read and interpreted by reference to amended, successor or replacement laws, but only to the extent consistent with the intent and clear meaning of this Debt Ordinance. All inconsistencies shall be resolved with recognition of and in favor of, the rights of the owners of the Bonds, whose rights shall not be impaired.

--END OF ARTICLE 3--

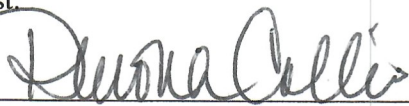
Duly enacted by the Governing Body of the Local Government Unit, in lawful session assembled, on May 1, 2017.

THE BOROUGH OF HARRISVILLE

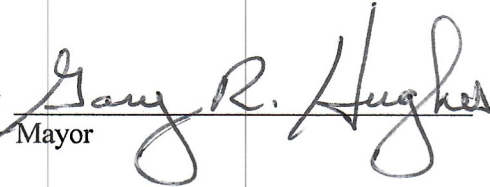
[SEAL]

By 
President, Borough Council

Attest:

By 
Borough Secretary

APPROVED, this ____ day of _____, 2017

By 
Mayor

SCHEDULE 1

MAXIMUM DEBT SERVICE PAYMENTS TO BE
GUARANTEED BY THE LOCAL GOVERNMENT UNIT

[Faint handwritten signature]

BOND DEBT SERVICE

**Grove City Borough
Refunding GO Bonds, Series of 2009 (BQ) - Max Parameters (Harrisville Allocation)**

		Dated Date	06/01/2017		
		Delivery Date	06/01/2017		
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2017	9,860	5.500%	19,243.68	29,103.68	
06/01/2018			18,972.53	18,972.53	
06/30/2018					48,076.21
12/01/2018	9,860	5.500%	18,972.53	28,832.53	
06/01/2019			18,701.38	18,701.38	
06/30/2019					47,533.91
12/01/2019	9,860	5.500%	18,701.38	28,561.38	
06/01/2020			18,430.23	18,430.23	
06/30/2020					46,991.61
12/01/2020	10,150	5.500%	18,430.23	28,580.23	
06/01/2021			18,151.10	18,151.10	
06/30/2021					46,731.33
12/01/2021	10,150	5.500%	18,151.10	28,301.10	
06/01/2022			17,871.98	17,871.98	
06/30/2022					46,173.08
12/01/2022	10,150	5.500%	17,871.98	28,021.98	
06/01/2023			17,592.85	17,592.85	
06/30/2023					45,614.83
12/01/2023	10,440	5.500%	17,592.85	28,032.85	
06/01/2024			17,305.75	17,305.75	
06/30/2024					45,338.60
12/01/2024	10,440	5.500%	17,305.75	27,745.75	
06/01/2025			17,018.65	17,018.65	
06/30/2025					44,764.40
12/01/2025	31,320	5.500%	17,018.65	48,338.65	
06/01/2026			16,157.35	16,157.35	
06/30/2026					64,496.00
12/01/2026	31,900	5.500%	16,157.35	48,057.35	
06/01/2027			15,280.10	15,280.10	
06/30/2027					63,337.45
12/01/2027	32,480	5.500%	15,280.10	47,760.10	
06/01/2028			14,386.90	14,386.90	
06/30/2028					62,147.00
12/01/2028	33,350	5.500%	14,386.90	47,736.90	
06/01/2029			13,469.78	13,469.78	
06/30/2029					61,206.68
12/01/2029	34,220	5.500%	13,469.78	47,689.78	
06/01/2030			12,528.73	12,528.73	
06/30/2030					60,218.51
12/01/2030	35,090	5.500%	12,528.73	47,618.73	
06/01/2031			11,563.75	11,563.75	
06/30/2031					59,182.48
12/01/2031	35,960	5.500%	11,563.75	47,523.75	
06/01/2032			10,574.85	10,574.85	
06/30/2032					58,098.60
12/01/2032	36,830	5.500%	10,574.85	47,404.85	
06/01/2033			9,562.03	9,562.03	
06/30/2033					56,966.88
12/01/2033	37,990	5.500%	9,562.03	47,552.03	
06/01/2034			8,517.30	8,517.30	

BOND DEBT SERVICE

**Grove City Borough
Refunding GO Bonds, Series of 2009 (BQ) - Max Parameters (Harrisville Allocation)**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2034					56,069.33
12/01/2034	40,600	5.500%	8,517.30	49,117.30	
06/01/2035			7,400.80	7,400.80	
06/30/2035					56,518.10
12/01/2035	41,760	5.500%	7,400.80	49,160.80	
06/01/2036			6,252.40	6,252.40	
06/30/2036					55,413.20
12/01/2036	42,920	5.500%	6,252.40	49,172.40	
06/01/2037			5,072.10	5,072.10	
06/30/2037					54,244.50
12/01/2037	44,080	5.500%	5,072.10	49,152.10	
06/01/2038			3,859.90	3,859.90	
06/30/2038					53,012.00
12/01/2038	45,530	5.500%	3,859.90	49,389.90	
06/01/2039			2,607.83	2,607.83	
06/30/2039					51,997.73
12/01/2039	46,690	5.500%	2,607.83	49,297.83	
06/01/2040			1,323.85	1,323.85	
06/30/2040					50,621.68
12/01/2040	48,140	5.500%	1,323.85	49,463.85	
06/30/2041					49,463.85
	699,770		584,447.96	1,284,217.96	1,284,217.96

EXHIBIT A
FORM OF GUARANTY

GUARANTY AGREEMENT

Dated as of _____, 2017

By and Between

**GROVE CITY BOROUGH
(MERCER COUNTY, PENNSYLVANIA)**

AND

_____ **[TOWNSHIP][BOROUGH]**

SECURING THE
\$ _____ aggregate principal amount,
GENERAL OBLIGATION BONDS
SERIES OF 2017

This **GUARANTY AGREEMENT** dated as of _____, 2017 (this "Agreement"), by and between **THE BOROUGH OF GROVE CITY**, Mercer County, Pennsylvania, a Borough situated in Mercer County, Pennsylvania, duly organized and validly existing under the Constitution and laws of the Commonwealth, particularly the Borough Code, Act of February 1, 1966, P.L. (1965) 1656, as amended (the "Issuer"), and the _____ **[TOWNSHIP][BOROUGH]**, a [township of the _____ class][borough] of the Commonwealth of Pennsylvania duly organized and validly existing under the Constitution and laws of the Commonwealth, particularly the [_____ Class Township Code, Act of June 1, 1933, P.L. 103][Borough Code, Act of February 1, 1966, P.L. (1965) 1656], as amended] (the "Guarantor").

WITNESSES THAT:

WHEREAS, the Issuer has determined that it would be in the best interests of its customers to make issue its General Obligation Bonds, Series of 2017 to provide funds for (i) the refunding of all or a portion of the Issuer's outstanding General Obligation Bonds, Series of 2009 (the "Prior Bonds"); and (ii) the payment of the costs of issuance of the Bonds (the "Project"); and

WHEREAS, in order to finance the Project, the Issuer has determined to (i) issue a series of bonds to be designated "Grove City Borough General Obligation Bonds, Series 2017" (the "Bonds") in the aggregate principal amount of _____ Dollars (\$ _____) pursuant to an Ordinance adopted by the Issuer on April 24, 2017 authorizing the issuance of the Bonds (the "Bond Ordinance") and the Issuer has entered into an agreement providing for the sale of all the Bonds to RBC Capital Markets, LLC, subject to certain terms and conditions; and

WHEREAS, in order for the Issuer to secure the best commercial rate on its Bonds, it is necessary for the Guarantor to guarantee a portion of the Bonds as authorized by the Debt Act; and

WHEREAS, the Issuer is authorized by law, among other things, to issue the Bonds to finance the Project; and

WHEREAS, the Guarantor is authorized by law to guarantee the payment of obligations of municipalities when appropriate and in its best interest to serve the health, safety and welfare of its citizens; and

WHEREAS, the Guarantor desires to guarantee repayment of \$ _____ of the principal amount of the Bonds, according to the terms of the Bonds, in the event the Issuer is unable to make such repayment; and

WHEREAS, this Guaranty Agreement, with such minor changes, including matters of date and designation of the Bonds, as have been required by the circumstances appurtenant at the time of its delivery, represents the Guaranty Agreement authorized by the Guarantor under its Ordinance enacted _____, 2017;

NOW, THEREFORE, THE PARTIES hereto, in consideration of the foregoing and intending to be legally bound, **DO hereby COVENANT AND AGREE** as follows:

1. Certain Definitions. The following terms shall have the meaning assigned to them in the recitals to this Agreement:

Agreement

Bond Ordinance
Bonds
Department
Guarantor
Issuer
Project

Unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Guaranty, have the meanings hereby and in the Bond Ordinance ascribed to them. Moreover, the terms are to be read and understood in a manner consistent with the provisions of the Act, the Debt Act, the Bond Ordinance, related corporate resolutions, financing documents and instruments of the Issuer and the Guarantor, hereinafter identified, as generally interpreted by courts maintaining competent jurisdiction. Words or phrases importing the masculine gender are to be read and understood to include the feminine and neuter genders and those importing number include singular or plural, both as appropriate to the context. The word "person," in addition to natural persons, means and includes corporations, associations and public bodies and their successors unless the context indicates otherwise.

"Act" means the Borough Code, Act of February 1, 1966, P.L. (1965) 1656, as amended.

"Debt Act" means the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158 No. 177).

"Debt Ordinance" means the formal action taken by the Guarantor according to the requirements of the Debt Act in order to authorize and incur a portion of the lease rental indebtedness represented by this Guaranty, in respect of the Bonds.

"Guaranty" or "Agreement" means this Guaranty Agreement dated as of _____, 2017 between the Issuer, and the Guarantor.

"Proportionate Share" shall have the meaning assigned to such term in Section 3 hereof.

2. Representations and Warranties.

A. The Issuer represents and warrants that:

(i) The Issuer is a body corporate and politic of the Commonwealth of Pennsylvania organized under and existing pursuant to the provisions of the Act, and is duly authorized by law to plan, acquire, hold, construct, own, lease, operate and maintain the System;

(ii) The Issuer is authorized by law to execute, deliver and perform its duties under this Guaranty and to borrow moneys upon the terms and conditions provided in the Bond Ordinance; and the execution and delivery of the Bonds and this Guaranty have each been duly authorized by all necessary corporate action on the part of the Issuer;

(iii) There are no actions, suits or proceedings pending, or, to the knowledge of the Issuer, threatened against or affecting the Issuer before any court or any governmental department or agency which may adversely affect the Issuer or its ability to make or carry out the provisions of this Guaranty, the Bond Ordinance, or its ability to repay the Bonds issued thereunder; there are not, to the knowledge of the Issuer, any claims involving the Issuer except immaterial claims arising in the ordinary course of its operations; the Issuer is not a party to any contract or agreement or subject to any charter or other corporate

restriction of any kind which adversely affects its present or prospective operations, properties or assets or its ability to repay the Bonds; and neither the execution and delivery of this Guaranty, the Bond Ordinance, the consummation of the transactions contemplated herein or therein, nor compliance with the terms and conditions hereof or thereof or of the Bonds will conflict with or result in a breach of the terms, conditions or provisions of any contract, agreement or other instrument to which the Issuer is a party or by which it is bound; and

(iv) The proceeds of the Bonds will be applied by the Issuer solely for the purpose of the payment of the costs of the Project.

B. The Guarantor represents and warrants that:

(i) it is [township of the ____ class][borough] of the Commonwealth of Pennsylvania duly organized and validly existing under the Constitution and laws of the Commonwealth, particularly the [_____] Class Township Code, Act of June 1, 1933, P.L. 103][Borough Code, Act of February 1, 1966, P.L. (1965) 1656], as amended];

(ii) it is authorized by law, including the Debt Act, to execute, deliver and perform its duties under this Guaranty and the execution and delivery of this Guaranty has been duly authorized by all necessary action on the part of the Guarantor;

(iii) There are no actions, suits or proceedings pending, or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor before any court or any governmental department or agency which may adversely affect the Guarantor or its ability to make or carry out the provisions of this Guaranty; there are not, to the knowledge of the Guarantor, any claims involving the Guarantor except immaterial claims arising in the ordinary course of its operations; the Guarantor is not a party to any contract or agreement or subject to any charter or other corporate restriction of any kind which adversely affects its present or prospective operations, properties or assets or its ability to satisfy its obligations hereunder; and neither the execution and delivery of this Guaranty, the consummation of the transactions contemplated herein, nor compliance with the terms and conditions hereof will conflict with or result in a breach of the terms, conditions or provisions of any contract, agreement or other instrument to which the Guarantor is a party or by which it is bound.

3. Guaranty of Guarantor. **FOR VALUE RECEIVED**, and intending to be legally bound hereby, the Guarantor, pursuant to the provisions of the Debt Act and this Guaranty, does hereby unconditionally guarantee and become surety for the due and punctual payment when due, of the full amount of each and every payment of principal of, and interest on, the included amount of _____ Dollars (\$ _____) of the Bonds. This Guaranty Agreement shall also relate to any amendments, renewals, extensions or modifications of the aforesaid Bonds. This Guaranty Agreement shall remain in full force and effect until the aforementioned Bonds are paid in full.

In furtherance thereof, the Guarantor covenants and agrees with the holders of the Bonds that if the Issuer fails to pay the full amount of the principal of, premium (if any) on or interest on or in respect of the Bonds as and when due and payable, or payments in respect of the same are due under the Bond Ordinance, the Guarantor will duly and punctually advance its Proportionate Share (calculated by dividing the principal amount of the Bonds guaranteed hereunder (\$ _____) by the original aggregate principal amount of the Bonds issued by the Issuer (\$ _____), which percentage (____%) shall be referred to herein as the "Proportionate Share") of the moneys required, [on the first day of the month following the month of the missed Issuer payment]. The Guarantor further represents and covenants to the holders of the Bonds that it will, subject to any credits herein authorized, (a) include the amounts provided in **Exhibit A**, payable in respect of this Guaranty, for each fiscal year in which such amounts are payable, in its budget for that year,

(b) appropriate such amounts from its general revenues, and (c) promptly pay or cause to be paid its Proportionate Share of the full amount of the principal of, premium (if any) on and interest on the Bonds, as and when due and payable, or payments in respect of the same are due under the Bond Ordinance, at the times and places, under the conditions and in the manner prescribed in the Bonds and in the Bond Ordinance, according to the true intent and meaning thereof. Additionally, in the event that the Debt Service Reserve Fund is not fully funded in accordance with the Bond Ordinance, and the money to so fund is not available in the Revenue Fund, the Guarantor unconditionally guarantees to deposit its Proportionate Share of the amount so required, upon the request of the Issuer. For such budgeting, appropriation and full and prompt payment, the Guarantor hereby pledges its full faith, credit and taxing power, including unlimited ad valorem taxes to be levied upon all property in the each county taxable for municipal purposes, and other general revenues of the Guarantor available for such purposes. The Guarantor agrees that this covenant is specifically enforceable and intends that it be limited as to amount (i.e. \$_____ principal amount of the Bonds). All payments by the Guarantor must be paid in lawful money of the United States of America.

It is intended by the parties hereto that the Guarantor shall be required to pay to the Issuer its Proportionate Share of only that portion of the principal of, and the interest on, the Bonds due in any fiscal year as cannot be paid from the revenues of the Issuer, in the manner and to the extent provided in the Bond Ordinance or from moneys set aside for such purposes from the proceeds of the sale of the Bonds, if any. Therefore, the Guarantor shall be entitled, under this Guaranty, in each fiscal year, to a total credit equal to the aggregate to the amounts transferred by the Issuer to the holders of the Bonds or transferred to and deposited in a debt service fund, sinking fund, and/or any other fund or account created under the Bond Ordinance for application to payment of principal of, and interest on, the Bonds in accordance with the terms of the Bond Ordinance. Accordingly, not less than fifteen (15) days prior to any interest or principal and interest payment date (the "payment date") with respect to the Bonds, the Issuer shall notify the Guarantor hereunder of any deficiency in moneys therefore or then to be transferred to the debt service fund, sinking fund, or any other fund of account created under the Bond Ordinance for the payment of principal and/or interest on the Bonds on the next following payment date, and the Guarantor shall forthwith pay over to the Issuer, not later than the fifth day prior to such payment date, its Proportionate Share of the amount required to make up such deficiency.

The Issuer covenants to exercise reasonable care and diligence in monitoring its affairs and its performance of its obligations under the Bond Ordinance in order to advise the Guarantor, when possible, of any pending default by the Issuer; provided, however, that no such action of the Issuer is a precondition to performance by the Guarantor of its duties hereunder and each and every notice and demand for payment by the Issuer hereunder will have immediate effect, with no period of notice or anticipation.

4. Application of Payments. The Issuer agrees to cause all sums received pursuant to this Guaranty Agreement to be deposited to a debt service fund, sinking fund, or any other fund of account created under the Bond Ordinance for the payment of principal and/or interest on the Bonds, and applied to payment of the principal of, and interest on, the Bonds as provided in the Bond Ordinance, or deposited to the Debt Service Reserve Fund to cure a deficiency in the Debt Service Reserve Fund as provided in the Bond Ordinance.

5. Operation of System; Reimbursement. The Issuer covenants and agrees with the Guarantor (and these covenants are specifically enforceable or in lieu thereof may be administered by the Guarantor) that it will not, without the prior written consent of the Guarantor: (i) make or consent to any alteration (including, without limitation, any extension of the time of payment of principal of, premium (if any) on or interest on the Bonds) to the Bonds; (ii) fail, neglect or refuse to carry out its duties under the Bond Ordinance (including its duty to operate the System in an efficient and economic manner and maintain it in a state of good repair, and its duty to comply with all lawful acts, rules and regulations for the operation of the System); or (iii) fail, neglect or refuse to adjust its water supply rates, rents, tapping

fees, assessments, impact or other initial charges in a manner satisfactory to the interests of the Guarantor, or its successors or assigns; provided, however, that any adjustment in such rates, rents, fees and charges required to permit the Issuer to comply with its obligations under the Bond Ordinance will be deemed to be satisfactory to the Guarantor; or (iv) adopt any budget required pursuant to the Bond Ordinance; provided however that any budget required to permit the Issuer to comply with its obligations under the Bond Ordinance will be deemed to be satisfactory to the Guarantor.

In the event that the Guarantor make any payments under this Guaranty, the Issuer covenants to repay to the Guarantor, as soon as practicable and before the end of the next ensuing fiscal year, from the net receipts and revenues of the System, after adequate provision has been made for the payment of the current annual debt service requirements on the Bonds issued and outstanding, all current subordinate debt, and the current expenses of the System, as and when due, all moneys paid or advanced by the Guarantor pursuant to this Guaranty and/or the Bond Ordinance.

Notwithstanding anything in the Bond Ordinance to the contrary, when the Bonds have been paid in full and are no longer outstanding under the Bond Ordinance, the Issuer shall first reimburse the Guarantor for amounts paid pursuant to this Guaranty prior to the application of the balance of the funds and accounts held pursuant to the Bond Ordinance for any other purpose. In the event said balance is insufficient to reimburse the Guarantor and the other guarantors of the Bonds in full, each of the guarantors (including the Guarantor) shall be reimbursed in proportion to the amounts each has paid pursuant to its respective guaranty (including this Guaranty with respect to the Guarantor).

6. Liability of the Parties. The liability of the Guarantor, as Guarantor and surety, is absolute and unconditional and shall not be affected in any way by reason of:

- a. Any failure by the Issuer to retain or preserve for lack of prior enforcement of any rights against any person or entity or in any property; or
- b. The invalidity of any such rights which may be attempted to be obtained; or
- c. Any delay in the enforcing or failure to enforce such rights even if such rights are thereby lost; or
- d. Any delay in making demand of the Guarantor for the payment of the Guarantor's obligations hereunder.

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

- a. Any failure of the Issuer to retain or preserve any rights against any person (including, in the case of the Issuer) or in any property, or 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 Issuer may attempt to obtain;
- c. The lack of prior enforcement by the Issuer of any rights against any person (including, in the case of the Issuer) or in any property; or

d. The dissolution of the Issuer.

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 Issuer under the Bond Ordinance (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 Issuer), or any redelivery, repossession, surrender or destruction of the project located therein, in whole or in part. The Guarantor hereby waive 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 agree 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 waive 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 Issuer under the Bond Ordinance shall not be affected by any modification, limitation or discharge of the liabilities of the Issuer that may result from any such proceedings.

8. Default, Payment of Interest. The interest on any judgment against the Guarantor , which arises in connection with the Guarantor' obligations incurred under this Guaranty, or related documents, shall be assessed at the applicable contractual rates of interest provided in the Obligation, through and after the date or dates of entry of judgment, of execution, or of judicial or foreclosure sale, until satisfaction in full of the Guarantor' obligation.

9. [Reserved]

10. [Reserved]

11. Enforceability. The liability of the Guarantor shall be enforceable by any holder of the Bonds. The Guarantor intends this to be a sealed instrument and be legally bound hereby.

12. No Right of Set-off, etc. 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 Issuer of any obligation to it whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to it by the Issuer.

13. Issuer Covenants. The Issuer agrees 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.

14. Debt Act Approval. The Guarantor shall take all necessary actions to secure the approval of the Department of Community and Economic Development ("DCED") or its successor department, board or commission, to enter into this Guaranty Agreement, pursuant to requirements set forth in the Debt Act.

15. No Waiver. Any failure by a party hereto to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any other time, and from time to time thereafter.

16. Subrogation. Until such time as Bonds are paid in full, the Guarantor irrevocably waives, disclaims, and relinquishes all claims against the Issuer which the Guarantor otherwise has or would have by virtue of having executed this Guaranty, specifically including but not limited to all rights of

indemnity, contribution or exoneration. In the event of the payment by the Guarantor of any amount whatsoever, the amount of the remaining indebtedness of the Issuer after the payments by the Guarantor pursuant to this Guaranty shall have priority over any claim that the Guarantor may have against the Issuer, whether or not the Issuer is at such time or thereafter becomes insolvent. The Guarantor further expressly subordinates any claim against the Issuer upon any account whatsoever to any claim that the holder of any Obligation may have against the Issuer at any time and for any reason.

17. Effect of Invalid or Unenforceable Provisions. If any provision of this Guaranty is held to be invalid or unenforceable by a Court of competent jurisdiction, the other provisions of this Guaranty shall remain in full force and effect and shall be liberally construed in favor of the holders of the Bonds in order to effect the provisions of this Guaranty.

18. Remedies Cumulative. No delay or failure in exercising any right, power or privilege hereunder or under the Bond Ordinance affects such right, power or privilege; nor will any single or partial exercise thereof or any abandonment or discontinuance of the enforcement of such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies hereunder and under the Bond Ordinance are cumulative and not exclusive of any other rights or remedies under this Guaranty, the Bond Ordinance or any provision of law. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Guaranty or any such waiver of any provision or condition of this Guaranty must be in writing and will be effective only to the extent specified. In the event of any action at law or suit in equity in relation to this Guaranty, the Bond Ordinance or the Bonds, and the Guarantor, in addition to all other sums which it may be required to pay, will pay a reasonable sum for attorney's fees incurred by the Issuer in connection with such action or suit.

All representations, warranties, covenants and agreements of the Issuer and the Guarantor contained herein or made in writing in connection herewith survive the execution and delivery of this Guaranty, the Bond Ordinance and the issuance of the Bonds except as otherwise expressly provided herein.

19. Notices. All notices, statements, requests and demands given to or made upon any party hereto will be deemed to have been given or made when deposited with the United States Postal Service, first class mail, postage prepaid, addressed, if to the Issuer at _____ or if to the Guarantor at _____.

20. Financial Reports. The Issuer 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 and the Bonds as are required to be delivered pursuant to the terms of the Bond Ordinance and shall permit the Guarantor reasonable access to the accounts and records of the Issuer relating to the System and the Bonds.

21. Counterparts. This Guaranty may be executed in as many counterparts as are deemed necessary and convenient, each of which is to be regarded for all purposes as an original, but such counterparts constitute but one and the same instrument.

22. Binding Effect. This Guaranty is binding upon and will inure to the benefit of the holders of the Bonds, the Issuer, the Guarantor and their respective successors and assigns, except that the Issuer may not voluntarily transfer or assign its rights hereunder.

23. Pennsylvania Law. The Guaranty is executed and delivered by the parties hereto with the intention that the laws of the Commonwealth of Pennsylvania govern its interpretation, application and enforcement.

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Guaranty Agreement as of the day and year first above written.

GROVE CITY BOROUGH

[SEAL]

By _____
President, Borough Council

Attest:

By _____
Secretary

APPROVED, this ____ day of _____, 2017

By _____
Mayor

[FOR TOWNSHIP/BOROUGH]

[SEAL]

_____ [TOWNSHIP/BOROUGH]

Chairman, Board of Supervisors

Attest:

Secretary

[FOR BOROUGH]

_____ BOROUGH

[SEAL]

Attest:

By _____
Secretary

By _____
President, Borough Council

APPROVED, this ____ day of _____, 2017

By _____
Mayor

CERTIFICATE

I, the undersigned, a Designated Officer of the named Local Government Unit, hereby certify that the foregoing and attached is a true copy of an Ordinance which was duly adopted by the affirmative vote of a majority of all the members of the Governing Body thereof at a meeting held on the date of the execution thereof; that due notice of such meeting was given and the meeting was at all times open to the public; that such Ordinance was duly recorded; that this Ordinance is still in full force and effect as of the date hereof; that the vote upon said Ordinance was called and duly recorded upon the minutes of the Governing Body; and that the members of the Governing Body voted in the manner following:

	Yes	No	Abstain	Absent
Paul Joseph Lowers, Jr.	_____	_____	_____	_____
H. Robert Hovis	_____	_____	_____	_____
Charles W. Cline	_____	_____	_____	_____
Debbie King	_____	_____	_____	_____
Russell Stemmerich	_____	_____	_____	_____
Bobbie Jo Comes	_____	_____	_____	_____
David Rager	_____	_____	_____	_____

WITNESS my hand and seal of the Local Government Unit this _____ day of _____ 2017.

THE BOROUGH OF HARRISVILLE

[SEAL]

Borough Secretary