

CITY OF CORRY

ERIE COUNTY, PENNSYLVANIA

ORDINANCE NO. 1595

Council Bill 19-05

AN ORDINANCE AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT THROUGH THE ISSUANCE AND SALE OF A GUARANTEED REVENUE NOTE SERIES OF 2019 IN A MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$900,000.00 (THE "NOTE") BY THE MUNICIPAL AUTHORITY OF THE CITY OF CORRY (THE "AUTHORITY") AND A GUARANTY AGREEMENT SECURING AND GUARANTEEING THE NOTE (THE "GUARANTY") BY THE CITY OF CORRY (THE "CITY") IN THE AGGREGATE MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$900,000.00, AT A PRIVATE SALE TO FIRST NATIONAL BANK OF PENNSYLVANIA (THE "BANK"), FOR THE PURPOSES OF INTERIM FINANCING A PUBLIC WATER SYSTEM CAPITAL IMPROVEMENTS PROJECT CONSISTING OF THE DESIGN, CONSTRUCTION AND/OR INSTALLATION OF UPGRADES AND RENOVATIONS TO THE AUTHORITY'S PUBLIC WATER SYSTEM, INCLUDING CONSTRUCTION OF (I) A NEW WATER TREATMENT BUILDING, (II) NEW WATER STORAGE TANKS, AND (III) TWO NEW WATER BOOSTER PUMP STATIONS (THE "PROJECT"), AND PAYING THE COSTS OF ISSUANCE OF THE NOTE AND GUARANTY; APPROVING THE ISSUANCE OF THE GUARANTY TO THE BANK AS THE PURCHASER OF THE NOTE; APPROVING THE FORM OF THE NOTE AND GUARANTY; PROVIDING THE ANNUAL RATE OF INTEREST AND THE MAXIMUM GUARANTEED PRINCIPAL AMOUNTS TO BE PAID UNDER THE GUARANTY; MAKING COVENANTS FOR THE PAYMENT OF THE GUARANTY OBLIGATIONS; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY FOR THE PAYMENT THEREOF; AUTHORIZING THE APPROPRIATE OFFICERS OF THE CITY TO TAKE CERTAIN ACTIONS AND TO ISSUE, EXECUTE AND DELIVER CERTAIN DOCUMENTS, INCLUDING THE GUARANTY AND ANY NECESSARY AMENDMENT TO THE LEASE AGREEMENT BETWEEN THE CITY AND THE AUTHORITY, TO OBTAIN THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT RELATING TO THE GUARANTY, TO CONSUMMATE THE GUARANTY TRANSACTION WITH THE BANK, AND TO TAKE SUCH FURTHER ACTION AS NECESSARY TO EFFECT THE FOREGOING PURPOSES; AND PROVIDING FOR THE REPEAL OF ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

WHEREAS, the City of Corry (the "City") is a local government unit under the provisions of the Pennsylvania Local Government Unit Debt Act (the "Act"); and

WHEREAS, The Municipal Authority of the City of Corry (the "Authority") is a municipal authority organized by appropriate action of the City and existing under the Pennsylvania Municipality Authorities Act (the "Authorities Act"); and

WHEREAS, the Authority owns the public water system ("Water System") in and around the City, and the City operates the Water System pursuant to a Lease Agreement between the Authority and the City; and

WHEREAS, the Authority is undertaking a public water system capital improvements Project consisting of the design, construction and/or installation of upgrades and renovations to the Authority's public water system, including construction of (i) a new water treatment building, (ii) new water storage tanks, and (iii) two new water booster pump stations (the "Project"); and

WHEREAS, First National Bank of Pennsylvania (the "Bank") has submitted a proposal to provide interim loan funding for the Project in the aggregate principal amount not to exceed \$900,000.00 (the "Loan") on the terms as set forth in the Bank's proposal and this Ordinance as described below and subject to the approval of lease rental debt proceedings under the Act; and

WHEREAS, the Loan is to be evidenced by the Authority's Guaranteed Revenue Note (the "Note") to be issued in favor of the Bank in principal amounts not to exceed \$900,000.00 (the "Note"), and in order to secure the payment of all amounts due under the Note to the Bank, the City is to enter into a Guaranty Agreement (the "Guaranty") in favor of the Bank providing for the unconditional guarantee by the City of all amounts due under the Note and the pledge by the City of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty; and

WHEREAS, the above-referenced Guaranty by the City constitutes the incurrence of lease rental debt under the Act; and

WHEREAS, it is necessary that the indebtedness of the City be increased by the incurrence of such lease rental debt for the purpose of providing funding for the Project; and

WHEREAS, in light of the City's prior qualified self-liquidating debt, the proposed increase of such lease rental debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause limitations of the City's lease rental debt incurring power, pursuant to constitutional and statutory authority, to be exceeded.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the City of Corry, Erie County, Pennsylvania, and it is hereby ordained and enacted by the authority of the City of Corry as follows:

SECTION 1. The City has previously approved the Project, as described above, and by this Ordinance hereby confirms and ratifies that approval.

SECTION 2. The City hereby intends and determines to incur debt as such term is defined in the Act, which shall be lease rental debt of the City pursuant to the Act, in connection with the Project and as set forth in this Ordinance.

SECTION 3. The City has determined that the realistic estimated useful life of the facilities being funded by the Project is in excess of thirty (30) years.

SECTION 4. The maximum principal amount of the Note to be issued by the Authority and secured by the City's Guaranty is not to exceed \$900,000.00. The term of the Note shall be fifty-nine (59) months. The interest rate on the Note shall be a floating rate equal to 80% of 1-month LIBOR plus 1.90% per annum (with a maximum rate of 8.00%). Interest on the outstanding balance of the Note shall be due and payable on a monthly basis, with principal due in full at maturity. The Note shall be secured by, among other things, the Guaranty of the City. The form of the Note shall be substantially as that attached as Exhibit A hereto, subject only to such amendments as may be agreed upon by the Bank in accordance with Bank's proposal letter dated September 10, 2019 (the "Bank's Proposal") and approved by the City's Solicitor and the Mayor of the City. The maximum annual debt service on the Note (calculated at the interest rate of 8.00%) is \$72,000.00, plus a final balloon payment of principal in an amount not to exceed \$972,000.00.

SECTION 5. The City hereby authorizes, directs and approves the incurring of lease rental debt of the City pursuant to the Act, in the maximum principal amount not to exceed \$900,000.00 to secure and guarantee the Note, and to be evidenced by the Guaranty to be issued by the City in favor of the Bank and a Lease Amendment between the City and the Authority as described in this Ordinance. The form of the Guaranty is hereby approved and shall be filed with this Ordinance as Exhibit B hereto in the official records of the City, and shall be available for inspection at reasonable times by any interested persons. The Mayor of the City and the City Clerk (the "Proper Officers") are hereby authorized to execute and deliver the Guaranty substantially in the form attached as Exhibit B hereto, subject only to such amendment as may be agreed upon by Bank in accordance with Bank's Proposal and approved by the City's Solicitor and the Mayor.

SECTION 6. The City has determined that a private sale of the Note by negotiation rather than public sale is in the best financial interest of the City. Therefore, the City hereby approves and authorizes the issuance of the Guaranty to the Bank as the purchaser of the Note, subject to and in accordance with the Authority's issuance and sale of the Note to the Bank.

SECTION 7. As provided in the Guaranty, the City does hereby covenant with the Bank and the Authority as follows: (i) to include the amounts payable in respect of its Guaranty for each of its fiscal years in which such sums shall be payable, in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for payment of its obligations under the Guaranty; (iii) to duly and punctually pay or cause to be paid from its sinking fund (as hereinafter set forth), or any other of its revenues or funds, the amount payable in respect of the Guaranty, at the dates and places and in the manner stated in the Guaranty, according to the true meaning and intent thereof; and (iv) for such budgeting, appropriation, and payment in respect to the Guaranty, the City shall, and hereby does pledge irrevocably, its full faith, credit, and taxing power. This covenant shall be specifically enforceable.

SECTION 8. The maximum annual amounts of principal and interest covenanted to be paid by the City, with respect to the Note, as set forth in the Guaranty, shall be payable, if and as necessary, in such amounts as set forth in the Debt Service Schedule attached hereto as Schedule I. The City hereby finds and determines that the Note is to be issued with a final stated maturity date which does not exceed the reasonably expected useful life of the Project financed by such Note.

SECTION 9. The Proper Officers of the City are authorized to enter into an Amendment to Lease Agreement with the Authority whereby the City will continue to make lease rental payments to the Authority in such amounts as will be necessary to pay the debt service on the Note with the Bank and such Amendment to Lease Agreement. The Amendment to Lease Agreement and Assignment of Lease is approved and the Proper Officers are directed to execute the Amendment to Lease Agreement.

SECTION 10. The Proper Officers of the City are authorized and directed to (i) make application to the Pennsylvania Department of Community and Economic Development ("DCED") for approval of the Guaranty as required by Section 8111(b) of the Act, (ii) to prepare, certify, and file with DCED on behalf of the City the debt statement, as defined in Section 8110 of the Act, and the borrowing base certificate appended to such debt statement, and (iii) in connection with such application to pay or cause to be paid the applicable filing fee.

SECTION 11. The Proper Officers of the City are authorized and directed to prepare any statements required by the Act to qualify all or a portion of the lease rental debt for exclusion from the appropriate debt limit as self liquidating debt under the Act. If applicable, the City's consulting engineer is hereby authorized and directed to prepare a report to the City in conformity with the provisions of Section 8026 of the Act in order that the debt evidenced by the Note may be excluded as self-liquidating debt in determining the net debt of the City under the Act. Nothing contained in this Section 11 shall limit, restrict or impair in any respect the covenants of the City contained in Section 7 hereof.

SECTION 12. After obtaining DCED's approval under the Act as referenced above, the Proper Officers of the City are authorized and directed to execute and deliver the Guaranty Agreement to the Bank, and to execute and deliver all other required Loan documents and take all other necessary actions to consummate the Guaranty transaction with the Bank.

SECTION 13. The Proper Officers of the City are authorized and directed to execute and deliver all other documents and to take all other action as may be necessary and proper to carry out the intent and purpose of this Ordinance and the undertakings of the City under the Guaranty Agreement.

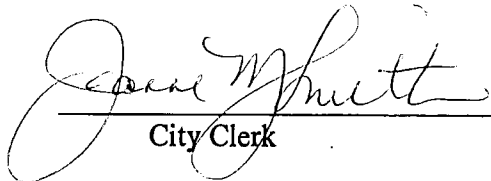
SECTION 14. In the event any provision, section, sentence, or clause, or part of this Ordinance shall be held invalid, such invalidity shall not impair or affect any remaining provision, section, sentence, clause, or part of the Ordinance from remaining in full force and effect. This Ordinance shall become effective in accordance with the provisions of the Act.

SECTION 15. All ordinances or parts of ordinances that are inconsistent herewith are repealed.


ORDAINED AND ENACTED this 21st day of October, 2019.

ATTEST:

CITY OF CORRY



City Clerk

By: 

Mayor

(SEAL)

CERTIFICATE

I, the undersigned Clerk of the City of Corry, Erie County, Pennsylvania, do hereby certify that the foregoing and attached is a true and correct copy of an Ordinance of said local government unit, which was duly enacted by the affirmative vote of the members of the governing body at a meeting thereof duly called and held on the 21st day of October, 2019, after due notice to the members and to the public and which was at all times open to the public, that the same was examined and approved by the members of the governing body and was duly recorded in the Ordinance Book of said local government unit and was published as required by law in the Erie Times-News, a newspaper of general circulation in said local government unit.

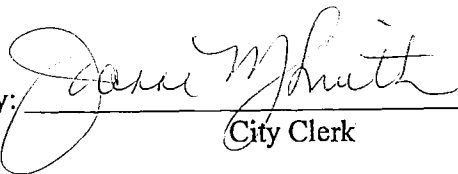
I further certify that the total number of members of the governing body of the local government unit is five (5); that the vote upon said Ordinance was called and duly recorded on the minutes of said meeting and that the members voted in the manner following:

<u>Member</u>	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
David E. Mitchell	<u>X</u>	___	___	___
Steven W. Drake	<u>X</u>	___	___	___
Taree J. Hamilton	<u>X</u>	___	___	___
William J. Roche	<u>X</u>	___	___	___
Andrew H. Sproveri	<u>X</u>	___	___	___

WITNESS my hand and the seal of the City of Corry, Erie County, Pennsylvania, this 21st day of October, 2019.

CITY OF CORRY

SEAL

By: 
City Clerk

**THE MUNICIPAL AUTHORITY OF THE CITY OF CORRY
GUARANTEED REVENUE NOTE, SERIES OF 2019**

\$900,000.00

As of November __, 2019
Erie, Pennsylvania

FOR VALUE RECEIVED, THE MUNICIPAL AUTHORITY OF THE CITY OF CORRY, a Pennsylvania body corporate and politic, organized and existing under the Pennsylvania Municipality Authorities Act, as amended, of the City of Corry, Erie County, Pennsylvania (the "Borrower") promises to pay to the order of FIRST NATIONAL BANK OF PENNSYLVANIA (the "Bank"), a national banking association authorized to do business in the Commonwealth of Pennsylvania, at its principal office at 711 State Street, City of Erie, Erie County, Pennsylvania (the "Principal Office"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of Nine Hundred Thousand and 00/100 Dollars (\$900,000.00), with interest at the rates herein provided, lawful money of the United States of America. This Note is issued pursuant to a Loan Agreement (the "Loan Agreement") of even date herewith between Borrower and the Bank, to accomplish the public purposes of the Act, including financing a project thereunder (the "Project"), as defined and described in the Loan Agreement.

1. Advance Procedures. During the period from the date of this Note to and including _____, 2024 (the "Expiration Date"), the Borrower may borrow, repay and re-borrow hereunder in accordance with the terms and conditions of the Loan Agreement. In no event shall the aggregate unpaid principal amount of advances under this Note exceed the face amount of this Note. The Borrower hereby indemnifies and holds the Bank harmless from and against any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of any telephonic and electronic requests or by the making of such advances. The Bank will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, as well as the date and amount of each payment made by the Borrower.

2. Rate of Interest.

a. Amounts outstanding under this Note will bear interest at a rate per annum (the "Tax-Exempt Rate") which is at all times equal to eighty percent (80%) of the sum of (i) the LIBOR rate plus (ii) one hundred ninety basis points (1.90%). Interest hereunder will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the maximum rate allowed by law.

b. As used herein, "LIBOR" shall mean the offered rate for U.S. Dollar deposits which the British Bankers' Association fixes, and as displayed in the Bloomberg Financial Market System, as its one (1) month LIBOR rate on a day which is two (2) London Banking Days prior to each Interest Period. If for any reason LIBOR is unavailable and/or Bank is unable to determine LIBOR for such Interest Period, LIBOR for such Interest Period shall be deemed equal to a reasonably similar index which shall be determined at the Bank's sole discretion ("Alternate Index"). The Alternate Index may be greater or less than other interest rates charged by Bank to other borrowers and is not solely based or dependent upon the interest rate which lender may charge any particular borrower or class of borrowers.

"London Banking Day" means a day on which dealings in U.S. dollar deposits are transacted in the London interbank market. "Interest Period" shall mean (i) initially, the period beginning on the date of this Note and ending on the numerically corresponding date one (1) month later ("Change Date") and (ii) thereafter, each one (1) month period ending on the day of such month that numerically corresponds to the Change Date.

c. If the interest payable on account of this Note shall be determined or required to be includable in the income of the Bank for federal income tax purposes, or if this Note is determined to be an arbitrage bond under federal law ("Taxable Determination"), then this Note shall bear interest subsequent to the Taxable Determination on the outstanding balance of principal at the rate per annum, on a taxable basis, which shall be equal to (i) Bank's Prime Rate per annum plus (ii) fifty basis points (0.50%), fully fluctuating, during the entire period of taxability changing and fluctuating as and when the Prime Rate changes (the "Taxable Rate"). "Prime Rate" shall mean the interest rate per year publicly announced from time to time by Bank as its Prime Rate. Prime Rate may be greater or less than other interest rates charged by Bank to other borrowers and is not solely based or dependent upon the interest rate which Bank may charge any particular borrower or class of borrowers. In such event, the Borrower will pay to the Bank on demand an amount equal to the difference, for any period of retroactivity in the Taxable Determination (as the case may be) between the interest actually paid during such period and the interest that would have been paid at the Taxable Rate together with the amount of any interest and penalties, if any, incurred by the Bank to the Internal Revenue Service as a result of such change in tax status, to and including the date of the Taxable Determination.

d. If at any time during the term of this Note, any law or regulation (or amendment to existing law or regulation) is enacted or promulgated or any change is made in the interpretation of existing laws or regulations by any court or governmental authority charged with the administration thereof, which law, regulation or interpretation shall directly or indirectly subject the holder to any increase in tax liability by reason of having acquired or held this Note, an additional amount shall be paid which, after giving effect to all taxes attributable to the inclusion of such additional amount in the holder's gross income under the laws of any federal, state or local government or other taxing authority (such taxes to be calculated at the maximum statutory rate applicable to such holder after taking into account deductions attributable to imposition of state and local taxes), shall be equal to the amount of any such increase in tax liability of the holder (taking into account deductions attributable to the imposition of state and local taxes) resulting from such law, regulation or interpretation. Any liability of the Borrower created by this paragraph, or the preceding paragraph, shall be enforceable by the holder of this Note notwithstanding the prior payment and satisfaction of this Note.

e. If at any time, any of the Borrower's covenants or certifications are shown to be or are deemed by the Internal Revenue Service to be incorrect or not in accordance with the aforementioned Sections of the Code, the Bank reserves the right to adjust the interest rate applicable to this Note, for the entire period affected, by an amount sufficient to recover any and all additional tax liability assessed to the Bank, including interest and penalties thereon. Any liability of the Borrower created by this paragraph will be enforceable by the holder of this Note notwithstanding the prior payment and satisfaction of this Note.

3. Payment Terms.

a. Interest only shall be due and payable monthly, commencing on _____,

2019, and continuing on the same day of each month thereafter until the Expiration Date. Any outstanding principal and accrued interest shall be due and payable in full on the Expiration Date.

b. All payments (including prepayments) to be made hereunder or under any other Loan Document shall be payable by 12:00 noon, Eastern Standard Time, on the day when due. Such payments shall be made to Bank at its office at 711 State Street, Erie, Pennsylvania 16501 or such other address as the Bank may direct in writing from time to time in funds immediately available at such office, without setoff, counterclaim or other deduction of any nature. Whenever any payment to be made under this Note or any other Loan Document shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next following Business Day and such extension of time shall be included in computing interest, if any, in connection with such payment. To the extent permitted by Law, after there shall have become due (by acceleration or otherwise) interest or any other amounts due from Borrower hereunder or under any other Loan Document, such amounts shall bear interest for each day until paid (before and after judgment), payable on demand, at the Default Rate. Payments received shall be applied to charges, fees and expenses (including attorney's fees), accrued interest and principal in any order the Bank may choose in its sole discretion.

4. Late Payments; Default Rate.

a. Late Payment Charge. If any payment (including without limitation any regularly scheduled payment, balloon payment and final payment) is not paid within fifteen (15) days after it is due, Borrower will pay a late charge equal to six percent (6%) of the entire payment due (regardless of whether part of the payment, due had been made, and regardless of whether the payment due consists of principal and interest, principal only or interest only). Such late charge shall be in addition to any increase made to the interest rate(s) applicable to the outstanding balance hereof as a result of maturity of this Note or otherwise, as well as in addition to any other applicable fees, charges and costs.

b. Default Rate; Usury. During the continuation of any default by Borrower in the payment of principal or of interest on this Note, and/or during the continuation of any Event of Default (as defined hereafter) and/or after the maturity hereof (whether by acceleration or otherwise), both before and after judgment, this Note shall bear interest at a rate per annum equal to two percent (2%) above the Bank's Prime Rate (the "Default Rate"). In the event the rate of interest provided for herein is determined to exceed the maximum rate of interest permitted by applicable usury or similar laws, its application will be suspended and there will be charged instead the maximum rate of interest permitted by such laws.

5. Prepayment. Borrower may prepay this Note in whole or in part, at any time without payment of any premium or penalty.

6. New Taxes; Reserve Requirements. If any Law or regulation, or the interpretation or application thereof by any Official Body, or the compliance with any guideline or request from any central bank or other Official Body (whether or not having the force of law) shall: (a) subject the Bank to payment of any tax in respect of, or changes the basis of taxation with respect to, payments by the Borrower of principal, interest or other amounts due from the Borrower under this Note (except for taxes on the overall net income of the Bank), (b) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of, or loans by, the Bank; or (c) impose upon the Bank any other condition with respect to this Note or its making,

maintenance or funding of any part of the Loan, and the result of any of the foregoing, is to increase the cost to the Bank, reduce the income receivable by the Bank or impose any expense upon the Bank with respect to any part of the Loan by an amount which the Bank deems to be material, the Bank may from time to time notify the Borrower of the amount determined in good faith by the Bank (which determination shall be conclusive absent manifest error) to be necessary to compensate the Bank for such increase in cost, reduction in income or additional expense. The Borrower shall pay such amount to the Bank within ten (10) Business Days after the Borrower's receipt of such notice. If the amount set forth in such notice is not paid within ten (10) days after such presentation of such notice, interest will be payable on the unpaid amount of such notice at the Default Rate (computed for the actual number of days elapsed on the basis of a year of 360 days) from the due date until paid (before and after judgment).

7. Events of Default. The occurrence of any of the following shall constitute an "Event of Default" under this Note: (a) Borrower shall fail to make any payment of any installment of interest or principal and interest or any other sum under this Note on the due date for such payment; or (b) an "Event of Default" as defined in the Loan Agreement shall have occurred. Upon the occurrence of an Event of Default, the whole of the principal of the indebtedness evidenced by this Note, and the unpaid interest thereon, and any other sums then unpaid by Borrower under this Note shall automatically and immediately become due and payable without notice or any other act. No delay or omission on the part of Bank or of any holder in exercising any right hereunder shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion.

8. Governing Law. The right and obligations of the parties under this Note shall be governed by and interpreted and enforced in accordance with the substantive laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflict of laws.

9. Remedies Cumulative. The rights and remedies of Bank as provided herein, or in any other agreement securing repayment of, or relating to, this Note, or otherwise provided by Law, shall be cumulative and may be pursued singly, concurrently, or successively in Bank's sole discretion, and may be exercised as often as necessary; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

10. Miscellaneous.

a. This Note evidences the Loan and all other amounts payable by Borrower hereunder or under any other Loan Document. This Note is the "Note" referred to in, is entitled to the benefits of, and is secured by the Loan Agreement and the other Loan Documents, which among other things provide for the acceleration of the maturity hereof upon the occurrence of certain events and for prepayments in certain circumstances and upon certain terms and conditions.

b. The Borrower does hereby covenant with the Bank that it shall not take or fail to take any actions which would cause the Note to be treated as an arbitrage bond under Section 148 of the Code, and the Treasury Regulations thereunder.

c. The Borrower hereby expressly waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or

enforcement of this Note, the Loan Agreement, and the other Loan Documents, and an action for amounts due hereunder or thereunder shall immediately accrue.

d. This Note may not be amended, modified or supplemented orally.

e. If any term or provision of this Note or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Note shall be valid and enforceable to the fullest extent permitted by law.

f. This obligation shall bind the Borrower and its successors and assigns, and the benefits hereof shall inure to Bank and its successors and assigns, except that the Borrower may not assign or transfer any of its rights hereunder without the prior written consent of Bank. Except to the extent otherwise required by the context of this Note, the word "Bank" where used in this Note shall mean and include any holder of this Note originally issued to Bank hereunder, and the holder of this Note shall be bound by and have the benefits of this Note, the same as if such holder had been the Bank hereunder.

11. Qualified Tax-Exempt Obligation. The Note is a Qualified Tax-Exempt Obligation within the meanings of Sections 265(b)(3) of the Internal Revenue Code of 1986, as amended.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

[SIGNATURE PAGE TO GUARANTEED REVENUE NOTE]

WITNESS the due execution and sealing hereof as of the date first above written.

WITNESS:

THE MUNICIPAL AUTHORITY OF THE
CITY OF CORY

Secretary

By: _____
Chairman

1629696

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is dated as of the ____ day of _____, 2019 by and among **THE MUNICIPAL AUTHORITY OF THE CITY OF CORRY**, a body corporate and politic, organized under and existing pursuant to the provisions of the Municipality Authorities Act of 2001, Act 22 of 2001, as amended (the "Authority") with an address of _____, Corry, Pennsylvania 16407, **CITY OF CORRY**, a political subdivision of the Commonwealth of Pennsylvania (the "City"), with an address of 100 South Center Street, Corry, Pennsylvania 16407, and **FIRST NATIONAL BANK OF PENNSYLVANIA** (the "Lender"), with an address of 711 State Street, Erie, Pennsylvania 16501.

WITNESSETH THAT:

WHEREAS, the Authority is organized under and pursuant to the laws of the Commonwealth of Pennsylvania, particularly the Municipality Authorities Act of 1945, P.L. 382, as amended, repealed and re-codified by Act of June 19, 2001, P.L. 287, No. 22, 53 Pa. C.S. § 5601 et. seq., (the "Act"), having been duly incorporated by the City; and

WHEREAS, the Authority is authorized by law, among other things, to acquire, hold, lease, construct, finance, improve, maintain, administer and operate a public water system, and to borrow money, to make and issue negotiable bonds and notes and to secure the payment of such bonds or notes by pledge or deed to trust of all or any of its receipts and revenues and to make such agreements with the purchasers or owners of such bonds or notes or with others in connection with any such bonds or notes, whether issued or to be issued, as the Authority deems advisable; and

WHEREAS, the City is authorized by law to guarantee the payment of obligations of other municipal corporations when appropriate and in its best to serve the health, safety and welfare of its citizens; and

WHEREAS, the Authority presently owns the public water system, treatment facilities and related facilities (collectively the "Water System") in and around the City; and

WHEREAS, the Authority, is undertaking a project consisting of the design, construction and/or installation of upgrades and renovations to the Authority's public water system, including construction of (i) a new water treatment building, (ii) new water storage tanks, and (iii) two new water booster pump stations (the "Project"); and

WHEREAS, the Authority deems it necessary to borrow money to accomplish the Project and to that end has authorized and directed the issuance of its Note, to be designated as "Guaranteed Revenue Note, Series of 2019" limited to the aggregate principal amount of \$900,000.00 (the "Note"); and

WHEREAS, as a condition precedent to the lending of the money, the Lender has required a guaranty by the City of the payment of debt service on the Note; and

WHEREAS, the City desires to guarantee repayment of the Note in the event the Authority is unable to make such repayment;

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. Unless the context clearly indicates otherwise, the following terms, and terms defined in the Note Resolution shall, for the purpose of this Guaranty, have the meanings hereby or in the Note Resolution ascribed to them. Moreover, such terms shall be read and understood in a manner consistent with the provisions of the Act, the Debt Act, the Note Resolution, related corporate resolutions, financing documents and instruments of the Authority and the City hereinafter identified, as generally interpreted by courts maintaining competent jurisdiction. 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.

"Act" shall mean the Municipality Authorities Act of 2001, Act 22 of 2001, as amended.

"Dated Date" shall mean _____, 2019.

"Debt Act" shall mean the Local government Unit Debt Act, codified by the Act of December 19, 1996, P.L. 1158, No. 177.

"Debt Ordinance" shall mean the formal action taken by the City according to the requirements of the Debt Act in order to authorize and incur the lease rental indebtedness represented by this Guaranty, in respect of the Note.

"Guaranty" shall mean this Guaranty Agreement by and among the Authority, the City and the Lender.

"Interest Payment Date(s)" shall mean the dates upon which payments of interest are due pursuant to the terms of the Note.

"Note Resolution" shall mean the formal action of the Board of the Authority, adopted October 15, 2019 authorizing among other things, the Note and setting forth the terms and conditions of its payment, including the execution and delivery of this Guaranty by the City.

"Principal Payment Date" shall mean the dates upon which payments of principal are due pursuant to the terms of the Note.

2. Representations and Warranties.

a. The Authority represents and warrants that:

(i) The Authority 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 Water System;

(ii) The Authority 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 Note Resolution; and the execution and delivery of the Note has been duly authorized by all necessary corporate action on the part of the Authority.

(iii) There are no actions, suits or proceedings pending, or, to the knowledge of the Authority, threatened against or affecting the Authority before any court or any governmental department or agency which may adversely affect the Authority or its ability to make or carry out the

provisions of this Guaranty, the Note Resolution, or its ability to repay the Note issued thereunder; there are not, to the knowledge of the Authority, any claims involving the Authority except immaterial claims arising in the ordinary course of its operations; the Authority 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 Note; and neither the execution and delivery of this Guaranty, the Note Resolution, the consummation of the transactions contemplated herein or therein, nor compliance with the terms and conditions hereof or thereof or of the Note will conflict with or result in a breach of the terms, conditions or provisions of the Articles of Incorporation or By-laws of the Authority or of any indenture, agreement or other instrument to which the Authority is a party or by which it is bound; and

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

b. The City represents and warrants that:

(i) The City is a political subdivision of the Commonwealth of Pennsylvania.

(ii) The City 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 corporate action on the part of the City.

(iii) There are no actions, suits or proceedings pending, or, to the knowledge of the City, threatened against or affecting the City before any court or any governmental department or agency which may adversely affect the City or its ability to make or carry out the provisions of this Guaranty; there are not, to the knowledge of the City, any claims involving the City except immaterial claims arising the ordinary course of its operations; the City 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 City is a party or by which it is bound.

3. Guaranty of City. The City hereby guarantees unto the Lender the full and prompt payment of the principal of, premium (if any) on, and interest on the Note as and when due and payable, whether on an Interest Payment Date, a Principal Payment Date or otherwise at maturity, upon mandatory redemption, by acceleration or other requirement of the provisions of the Note Resolution or otherwise, as and to the extent that the principal, premium (if any) and interest are not paid as and when due and payable by the Authority. This Guaranty shall remain in full Force and effect until the Note is paid in full.

a. In furtherance thereof, the City covenants and agrees with the Lender that if the Authority fails to pay the full amount of the principal of, premium (if any) on or interest on or in respect of the Note as and when due and payable, and City shall duly and punctually advance the moneys required, on the dates and at the places and in the manner stated in the Note and in the Note Resolution according to the true intent and meaning thereof. The City further represents and covenants to the Lender that it will (a) include the amounts payable in respect of this Guaranty for each fiscal year in which such amounts shall be payable, in its budget for that year, (b) appropriate such amounts from its general revenues for the payment of such Guaranty obligations, and (c) duly and punctually pay or cause to be

paid from its sinking fund or any other of its revenues or funds, to the extent of its obligation, the amount payable in respect of the Guaranty, as and when due and payable, at the dates, times and places, under the conditions and in the manner stated and prescribed in the Guaranty, according to the true intent and meaning thereof. For such budgeting, appropriation and full and prompt payment of said amounts in respect to this Guaranty, the City hereby pledges its full faith, credit and taxing power, including unlimited ad valorem taxes to be levied upon all property in the City taxable for municipal purposes, and other general revenues of the City available for such purposes. The City agrees that this covenant is specifically enforceable. All payments by the City will be paid in lawful money of the United States of America. This Guaranty is intended to be a contract of guaranty and not one of suretyship under the laws of the Commonwealth of Pennsylvania.

b. This is an absolute, unconditional, irrevocable and continuing guaranty and will remain in full force and effect until the Note has been indefeasibly paid in full, and the Lender has terminated this Guaranty. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Lender of any other party, or any other guaranty or any security held by it for the Note, by any failure of the Lender to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for the Note or any guaranty, or by any irregularity, unenforceability or invalidity of the Note or any part thereof or any security or other guaranty thereof. The City's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim the City may have against the Authority or the Lender except payment or performance of the Note.

c. Notice of acceptance of this Guaranty, notice of default, diligence, presentment, notice of dishonor, protest, demand for payment, and any defense based upon the Lender's failure to comply with the notice requirements of the applicable version of the Uniform Commercial Code are hereby waived.

d. The Lender shall exercise reasonable care and diligence in monitoring the affairs of the Authority and the performance of its obligations under the Note Resolution in order to advise the City when possible, of any pending default by the Authority; provided, however, that no such action of the Lender shall be a precondition to performance by the City of its duties hereunder and each and every notice and demand for payment by the Lender hereunder shall have immediate effect, with no period of notice or anticipation.

4. Audits. The City and Authority shall submit copies of their annual financial audits to the Lender annually not later than 180 days after the close of the fiscal year of each during the period of this Guaranty.

5. Operation of Water System; Reimbursement. The Authority covenants and agrees with the City (and those covenants are specifically enforceable or in lieu thereof may be administered by the City) that it will not, without the prior written consent of the City which consent shall not be unreasonably withheld: (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 Note; or (ii) fail, neglect or refuse to carry out its duties under the Note Resolution, (including its duty to operate the Water System in an efficient and economic manner and maintain it in a good repair, and its duty to comply with all lawful acts, rules and regulations for the operation of the Water System). In the event that the City shall make any payments under this Guaranty, the Authority covenants to repay to the City, as soon as practicable, from the receipts and revenues of the Water System, after adequate provision has been made for the payment of the current annual debt service requirements on the Note and the current expenses of the Water System, as and when due, all moneys paid or advanced by the City pursuant to this Guaranty.

6. Remedies Cumulative; No Waiver. No delay or failure of the Lender in exercising any right, power or privilege hereunder or under the Note Resolution shall affect such right, power or privilege; nor shall 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 of the Lender hereunder and under the Note Resolution are cumulative and not exclusive of any rights or remedies which it would otherwise have either under this Guaranty, the Note Resolution or any provision of law. Any waiver, permit, consent or approval of any kind or character on the part of the Lender 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 shall 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 Note Resolution or the Note, the City, in addition to all other sums which the City may be required to pay, will pay a reasonable sum of attorney's fees incurred by the Lender in connection with such action or suit. All representations, warranties, covenants and agreements of the Authority and the City contained herein or made in writing in connection herewith shall survive the execution and delivery of this Guaranty the Note Resolution and the issuance of the Note except as herein otherwise expressly provided.

7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder ("Notices") must be in writing (except as may be agreed otherwise above with respect to borrowing requests or as otherwise provided in this Note) and will be effective upon receipt. Notices may be given in any manner to which the parties may agree. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. In addition, the parties agree that Notices may be sent electronically to any electronic address provided by a party from time to time. Notices may be sent to a party's address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this paragraph.

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

9. Binding Effect. This Guaranty shall be binding upon and inure to the benefit of the Lender, the Authority, the City and their respective successors and assigns, except that the Authority may not voluntarily transfer or assign its rights hereunder.

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

[SIGNATURES APPEAR ON FOLLOWING PAGE]

[SIGNATURE PAGE TO GUARANTY AGREEMENT]

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.

(AUTHORITY SEAL)

THE MUNICIPAL AUTHORITY OF THE CITY OF
CORY

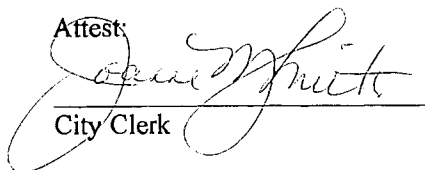
Attest:

By: _____
Chairman

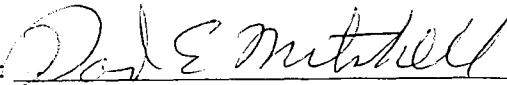
Secretary

(CITY SEAL)

CITY OF CORY

Attest:


City Clerk

By: 

Mayor

FIRST NATIONAL BANK OF PENNSYLVANIA

By: _____
Title: _____

Rate Period : Monthly

Nominal Annual Rate : 8.000% *

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	11/01/2019	900,000.00	1		
2 Payment	12/01/2019	Interest Only	59	Monthly	10/01/2024
3 Payment	11/01/2024	906,000.00	1		

AMORTIZATION SCHEDULE - U.S. Rule (no compounding), 360 Day Year

Date	Payment	Interest	Principal	Balance
Loan 11/01/2019				900,000.00
1 12/01/2019	6,000.00	6,000.00	0.00	900,000.00
2019 Totals	6,000.00	6,000.00	0.00	
2 01/01/2020	6,000.00	6,000.00	0.00	900,000.00
3 02/01/2020	6,000.00	6,000.00	0.00	900,000.00
4 03/01/2020	6,000.00	6,000.00	0.00	900,000.00
5 04/01/2020	6,000.00	6,000.00	0.00	900,000.00
6 05/01/2020	6,000.00	6,000.00	0.00	900,000.00
7 06/01/2020	6,000.00	6,000.00	0.00	900,000.00
8 07/01/2020	6,000.00	6,000.00	0.00	900,000.00
9 08/01/2020	6,000.00	6,000.00	0.00	900,000.00
10 09/01/2020	6,000.00	6,000.00	0.00	900,000.00
11 10/01/2020	6,000.00	6,000.00	0.00	900,000.00
12 11/01/2020	6,000.00	6,000.00	0.00	900,000.00
13 12/01/2020	6,000.00	6,000.00	0.00	900,000.00
2020 Totals	72,000.00	72,000.00	0.00	
14 01/01/2021	6,000.00	6,000.00	0.00	900,000.00
15 02/01/2021	6,000.00	6,000.00	0.00	900,000.00
16 03/01/2021	6,000.00	6,000.00	0.00	900,000.00
17 04/01/2021	6,000.00	6,000.00	0.00	900,000.00
18 05/01/2021	6,000.00	6,000.00	0.00	900,000.00
19 06/01/2021	6,000.00	6,000.00	0.00	900,000.00
20 07/01/2021	6,000.00	6,000.00	0.00	900,000.00
21 08/01/2021	6,000.00	6,000.00	0.00	900,000.00
22 09/01/2021	6,000.00	6,000.00	0.00	900,000.00
23 10/01/2021	6,000.00	6,000.00	0.00	900,000.00
24 11/01/2021	6,000.00	6,000.00	0.00	900,000.00
25 12/01/2021	6,000.00	6,000.00	0.00	900,000.00
2021 Totals	72,000.00	72,000.00	0.00	
26 01/01/2022	6,000.00	6,000.00	0.00	900,000.00
27 02/01/2022	6,000.00	6,000.00	0.00	900,000.00
28 03/01/2022	6,000.00	6,000.00	0.00	900,000.00
29 04/01/2022	6,000.00	6,000.00	0.00	900,000.00
30 05/01/2022	6,000.00	6,000.00	0.00	900,000.00

Date	Payment	Interest	Principal	Balance
31 06/01/2022	6,000.00	6,000.00	0.00	900,000.00
32 07/01/2022	6,000.00	6,000.00	0.00	900,000.00
33 08/01/2022	6,000.00	6,000.00	0.00	900,000.00
34 09/01/2022	6,000.00	6,000.00	0.00	900,000.00
35 10/01/2022	6,000.00	6,000.00	0.00	900,000.00
36 11/01/2022	6,000.00	6,000.00	0.00	900,000.00
37 12/01/2022	6,000.00	6,000.00	0.00	900,000.00
2022 Totals	72,000.00	72,000.00	0.00	
38 01/01/2023	6,000.00	6,000.00	0.00	900,000.00
39 02/01/2023	6,000.00	6,000.00	0.00	900,000.00
40 03/01/2023	6,000.00	6,000.00	0.00	900,000.00
41 04/01/2023	6,000.00	6,000.00	0.00	900,000.00
42 05/01/2023	6,000.00	6,000.00	0.00	900,000.00
43 06/01/2023	6,000.00	6,000.00	0.00	900,000.00
44 07/01/2023	6,000.00	6,000.00	0.00	900,000.00
45 08/01/2023	6,000.00	6,000.00	0.00	900,000.00
46 09/01/2023	6,000.00	6,000.00	0.00	900,000.00
47 10/01/2023	6,000.00	6,000.00	0.00	900,000.00
48 11/01/2023	6,000.00	6,000.00	0.00	900,000.00
49 12/01/2023	6,000.00	6,000.00	0.00	900,000.00
2023 Totals	72,000.00	72,000.00	0.00	
50 01/01/2024	6,000.00	6,000.00	0.00	900,000.00
51 02/01/2024	6,000.00	6,000.00	0.00	900,000.00
52 03/01/2024	6,000.00	6,000.00	0.00	900,000.00
53 04/01/2024	6,000.00	6,000.00	0.00	900,000.00
54 05/01/2024	6,000.00	6,000.00	0.00	900,000.00
55 06/01/2024	6,000.00	6,000.00	0.00	900,000.00
56 07/01/2024	6,000.00	6,000.00	0.00	900,000.00
57 08/01/2024	6,000.00	6,000.00	0.00	900,000.00
58 09/01/2024	6,000.00	6,000.00	0.00	900,000.00
59 10/01/2024	6,000.00	6,000.00	0.00	900,000.00
60 11/01/2024	906,000.00	6,000.00	900,000.00	0.00
2024 Totals	966,000.00	66,000.00	900,000.00	
Grand Totals	1,260,000.00	360,000.00	900,000.00	

* Variable rate loan estimated amortization at maximum permitted rate