

**Management Agreement  
by and between  
Lower Paxton Township  
and the  
Lower Paxton Township Authority**

THIS MANAGEMENT AGREEMENT, dated December 4, 2018, and effective as of the date of execution appearing at the end hereof, by and between TOWNSHIP OF LOWER PAXTON, Dauphin County, Pennsylvania (the "Township"), and LOWER PAXTON TOWNSHIP AUTHORITY (the "Authority"), a municipality authority existing under laws of the Commonwealth of Pennsylvania.

WHEREAS, the Township is existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a local government unit", as such term is defined under the Local Government Unit Debt Act (the "Act"), 58 Pa C.S. §8001 et seq.; and

WHEREAS, the Authority is a municipality authority organized and existing under the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented; and

WHEREAS, the Authority constructs, owns, operates, and maintains a complete sanitary sewage collection and transportation system and related facilities in and for the rendering of sanitary sewer service in and for the Township; and

WHEREAS, the Authority desires to engage the Township to provide certain services in connection with the operation and maintenance of the Sanitary Sewer System; and

WHEREAS, the Authority constructs, owns, operates, and maintains a complete stormwater collection and transportation system and related facilities in and for the rendering of stormwater service in and for the Township; and

WHEREAS, the Authority desires to engage the Township to provide certain services in connection with the operation and maintenance of the Stormwater System; and

WHEREAS, the Township is willing to provide such services in connection with operation and maintenance of the Stormwater System pursuant to the terms and conditions of this Agreement; and

WHEREAS, the Township is willing to provide such services in connection with operation and maintenance of the Sanitary Sewer System pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, That the Township and the Authority, for and in consideration of the mutual covenants and agreements hereinafter contained, each intending to be legally bound hereby, do covenant and agree as follows:

1. The Authority hereby engages and appoints the Township to provide general management services for the Sanitary Sewer System, subject to the termination provisions provided in Paragraph 14 hereof, and the Township hereby accepts such appointment on the terms hereafter set forth.

2. The Authority hereby engages and appoints the Township to provide general management services for the Stormwater System, subject to the termination provisions provided in Paragraph 14 hereof, and the Township hereby accepts such appointment on the terms hereafter set forth.

3. The terms defined in this Paragraph 3, for all purposes of this Agreement, shall have meanings herein specified, unless the context clearly otherwise requires:

“Capital Additions” for Sanitary Sewer means new and additional property chargeable to plant or equipment account under sound accounting or engineering practice, including, without intending to limit the generality of the foregoing, additions, extensions, alterations and improvements of or to the Sewer System, including, without intending to limit the generality of the foregoing, all buildings, basins, machinery, mains, conduits, pipes, pipe lines, interceptor lines, outfall lines, trunkline, service lines, sewer plants and systems, tanks, shops, pumping stations, ejector stations, force mains, fixtures, engines, boilers, pumps, meters and other equipment, all personal property and all franchises, land, rights of way, privileges, easements, licenses, rights and any other interests in real property, in each case made, constructed or acquired after the date hereof and which are used or useful in connection with the Sewer System.

“Capital Additions” for Stormwater means new and additional property chargeable to plant or equipment account under sound accounting or engineering practice, including, without intending to limit the generality of the foregoing, additions, extensions, alterations and improvements of or to the Stormwater System, including, without intending to limit the generality of the foregoing, all buildings and structures, basins, mains, pipes, pipe lines, interceptor lines, outfall lines, trunk lines, service lines, drainage swales, drainage channels, machinery and equipment, personal property and all franchises, land, rights-of-way, privileges, easements, licenses, rights and any other interests in real property, in each case made, constructed or acquired after the date hereof and which are used or useful in connection with the Stormwater System.

“Consulting Engineers” means a Person or Persons, who shall be Independent and qualified to pass upon engineering questions relating to Sanitary Sewer Systems and Stormwater systems and having a favorable reputation for skill and experience in construction, operation, and maintenance of Sanitary Sewer Systems and Stormwater Systems. If such Person shall be an individual, he shall be a professional engineer duly registered under laws of the Commonwealth. If such Person shall be a partnership, corporation or association, it shall have a partner, officer, employee or member who is a professional engineer duly registered under laws of the Commonwealth.

“Extraordinary Repairs” means alterations, repairs, renewals, improvements or replacements with respect to the Sanitary Sewer System and Stormwater System which are necessary or desirable for proper operation and maintenance thereof including emergency work and which are of a type that would not ordinarily be made out of moneys deposited in the Sanitary Sewer Revenue Fund or the

Stormwater Revenue Fun, respectively, as current operating expenses, as determined by a Consulting Engineers' Certificate.

“Independent” means, with respect to the Consulting Engineers, a Person who is not a member of the Board, officer or employee of the Authority or an elected or appointed official or employee of the Township, or which is not a partnership, corporation or association having a partner, directors, officer, member or substantial stockholder who is a member of the Board, officer or employee of the Authority or an elected or appointed official or employee of the Township; Provided, however, that the fact that such Person is retained regularly by the Authority or the Township shall not make such Person an employee within the meaning of this definition.

“Municipal Building” means the Municipal Center of the Township located at 425 Prince Street, Harrisburg, Pennsylvania 17109.

“Person” means an individual, a partnership, an association, a corporation, a joint stock company, a trust, an unincorporated association, a governmental body, a political subdivision, a municipality, a municipality authority or any other group or entity.

“Revenue Bonds” mean the Bonds issued by the Authority for Sanitary Sewer and/or Stormwater system rehabilitation or improvement, as well as any portion of Lower Paxton Township General Obligation Bonds made available to the Authority for Sanitary Sewer and/or Stormwater system rehabilitation or improvement in accordance with a Subsidy Agreement.

“Sanitary Sewer Revenue Fund” means the separate and distinct account of the Authority, as described in Paragraph 4 hereof.

“Sanitary Sewer Revenues” means:

- a. All moneys realized from collection of Sanitary Sewer rates and other charges imposed, pursuant to a resolution or resolutions of the Authority, in effect at the time;
- b. All interest and income received, from time-to-time, by or on behalf of the Authority from investment of moneys in the Sewer Revenue Fund; and
- c. All grants from state and federal governmental agencies; and
- d. All other monies deposited into the Sewer Revenue Fund.

“Sanitary Sewer System” means the sewage collection and transmission system constructed, owned, operated, and maintained by the Authority, including all related facilities heretofore acquired or constructed or hereafter acquired or constructed by the Authority, together with all appurtenant facilities and properties which the Authority has acquired or hereafter shall acquire in connection therewith, including all property, real, personal and mixed, rights, powers, licenses, easements, rights of way, privileges, franchises and any and all other property or interests in property of whatsoever nature used or useful in connection with such facilities, and together with all additions, extensions, alterations and improvements which may be made or acquired, from time to time. As of any particular time, the

“Sanitary Sewer System” means the aforesaid facilities and all property, real, personal and mixed, rights, powers, licenses, easements, rights of way, privileges, franchises and all other property or interests in property of whatsoever nature used or useful in connection with such facilities, and Capital Additions (including property in the nature of Capital Additions acquired or constructed from funds wholly or partially contributed or advanced by users, developers or other Persons) acquired, owned, made or constructed by or for the Authority; and the "Sanitary Sewer System", without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, basins, machinery, mains, conduits, pipes, pipe lines, interceptor lines, trunk lines, service lines, tanks, shops, pumping stations, ejector stations, force mains, fixtures, engines, boilers, pumps, meters and other equipment, all personal property and all franchises, land, rights of way, privileges, easements, licenses, rights and any other interests in real property, all of the foregoing being owned by the Authority and used or useful in connection with the collecting, transporting pumping, treatment and/or disposing of sewage.

“Stormwater Revenue Fund” means the separate and distinct account of the Authority, as described in Paragraph 5 hereof.

“Stormwater Revenues” means:

- a. All moneys realized from collection of Stormwater rates and other charges imposed, pursuant to a resolution or resolutions of the Authority, in effect at the time;
- b. All interest and income received, from time-to-time, by or on behalf of the Authority from investment of moneys in the Stormwater Revenue Fund; and
- c. All grants from state and federal governmental agencies; and
- d. All other monies deposited into the Stormwater Revenue Fund.

“Stormwater System” means the collection and transmission system constructed, owned, operated, and maintained by the Authority, including all related facilities heretofore acquired or constructed or hereafter acquired or constructed by the Authority, together with all appurtenant facilities and properties which the Authority has acquired or hereafter shall acquire in connection therewith, including all property, real, personal and mixed, rights, powers, licenses, easements, rights of way, privileges, franchises and any and all other property or interests in property of whatsoever nature used or useful in connection with such facilities, and together with all additions, extensions, alterations and improvements which may be made or acquired, from time-to-time. As of any particular time, the "Stormwater System" means the aforesaid facilities and all property, real, personal and mixed, rights, powers, licenses, easements, rights of way, privileges, franchises and all other property or interests in property of whatsoever nature used or useful in connection with such facilities, and Capital Additions (including property in the nature of Capital Additions acquired or constructed from funds wholly or partially contributed or advanced by users, developers or other Persons) acquired, owned, made or constructed by or for the Authority; and the "Stormwater System," without intending to limit the generality of the foregoing, as of any particular time, shall include all buildings, basins, machinery, mains, pipes, pipe lines, interceptor lines, trunk lines, service lines, shops, pipes, pipe lines, interceptor lines, outfall lines, service lines, drainage swales, drainage channels, machinery and equipment,

personal property and all franchises, land, rights-of-way, privileges, easements, licenses, rights and any other interests in real property, in each case made, constructed or acquired after the date hereof and which are used or useful in connection with the Stormwater System.

“Year” means January 1 to December 31.

3. Subject to the supervision, direction and control of the Authority in the exercise and discharge of its duties under the Authorities Act, the Township shall manage the Sanitary Sewer System and the Stormwater System and shall, acting in cooperation with the Authority, render to the Authority all services in connection therewith including the following:

- a. The Township shall provide all labor, equipment and materials for the efficient operation and maintenance of the Sanitary Sewer System and the Stormwater System and for the furnishing of adequate and satisfactory Stormwater and Sanitary Sewer service to users.
- b. The Township shall employ and supervise such Persons as are required to properly operate and maintain the Stormwater System and Sanitary Sewer System; such Persons may be the employees of the Township.
- c. The Authority shall appoint the Township Manager as Manager of the Authority.
- d. The Township shall provide and supply the necessary utilities, materials, supplies and equipment for the operation and maintenance of the Sanitary Sewer System and the Stormwater System.
- e. The Township shall keep and maintain all books, accounts and records required in connection with the proper and businesslike operation of the Sanitary Sewer System and the Stormwater System, and as may be reasonably required by the Authority.
- f. The Township shall maintain adequate and proper insurance as may be reasonably required by the Authority and shall report on the extent of such insurance coverage to the Authority on or before January 1, of each year.
- g. ~~The Township shall bill and collect for Sanitary Sewer service and for Stormwater service in accordance with the Sanitary Sewer rates and the Stormwater rates and other charges, as established and imposed by the Authority, and shall handle all matters arising from such billing and collecting.~~
- h.g. The Township shall develop and propose to the Authority separate Sanitary Sewer and Stormwater annual operating budgets and capital improvements budgets setting forth in reasonable detail the anticipated revenues and expenses for the sanitary sewer fund and stormwater fund for such period and capital improvements necessary and desirable, for such proposed budgets to be submitted to the Authority on or before November 15 of each year.

i.h. The Township shall keep the Authority informed of the amount of collections made and, if necessary, shall advise the Authority of the necessity of any change in rates and shall consult with the Authority in establishing any such new rates.

j.i. The Township shall provide for performance of all services, and the purchase of all equipment in connection with the making of repairs, subject to the provisions of Paragraph 8, hereof.

k.j. The Township shall provide such consulting services as may be appropriate, including advice with regard to the management of moneys and recommendations with regard to present and future operation and maintenance of the Sanitary Sewer System and the Stormwater System.

l.k. The Township shall monitor compliance with and enforce Authority resolutions and rules and regulations governing the use of the Sanitary Sewer System and the Stormwater System.

m. The Township shall render all reasonable assistance to the Authority in order to enable the Authority to perform and fulfill its obligations under the Authorities Act, to secure efficient and economical administration and operation of the Sanitary Sewer system and the Stormwater System and to assure adequate and efficient Sanitary Sewer service and Stormwater service at reasonable rates and charges to users.

n. The Township shall, where appropriate and on behalf of the Authority, operate and maintain the Sanitary Sewer System and the Stormwater System in accordance the requirements of any applicable Trust Indentures of Sanitary Sewer Revenue Bonds and/or Stormwater Revenue Bonds.

o. The Authority hereby engages and appoints the Township to review and act upon extensions to the Sanitary Sewer System and Stormwater System.

1) The Township shall review and act upon extensions to the Sanitary Sewer System and Stormwater System subject to the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L.382, as amended, and as supplemented by the Authority's Standard Construction and Material Specifications for Wastewater Collection Systems and the regulations of Lower Paxton Township for Stormwater Systems.

2) The Township shall, on behalf of the Authority, execute and administer all construction agreements, including surety agreements guaranteeing the installation of sanitary sewer facilities and stormwater facilities.

3) Upon the completion of extensions to the Sanitary Sewer System and/or Stormwater System, in accordance with the regulatory mechanisms referenced in paragraph 1, above, the Township shall present the dedication of said extensions to the Authority for acceptance.

4. The Township shall deposit all Sanitary Sewer Revenues in the Sanitary Sewer Revenue Fund established and maintained in the name of the Authority with such depository or depositories as may be satisfactory to the Authority. As part of the Sewer Revenue Fund, such accounts as may be required in connection with any financings or as may be deemed desirable shall be established by the Township on behalf of the Authority, all in accordance with the accepted accounting practices and the applicable Trust Indentures of any Revenue Bonds. Proper officers or employees of the Township, with the approval of the Authority, shall be authorized to make payments or transfers, as appropriate, with respect to costs properly chargeable to the Sanitary Sewer Revenue Fund.

The Township may invest such moneys in the Sanitary Sewer Revenue Fund, on behalf of the Authority, in such amounts and for such periods of time as it deems appropriate, taking into consideration the moneys available and anticipated expenditures and the requirements of applicable Trust Indentures of any Revenue Bonds.

All such moneys which shall not be invested by the Township, to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, shall be secured continuously for benefit of the Authority, as shall be required, from time to time, by laws of the Commonwealth of Pennsylvania. Obligations pledged as such security shall be deposited with a Federal Reserve Bank, or with the trust department of some other bank, trust company or depository, as shall be authorized by law with respect to trust funds in the Commonwealth of Pennsylvania and satisfactory to the Authority.

5. The Township shall deposit all Stormwater Revenues in the Stormwater Revenue Fund established and maintained in the name of the Authority with such depository or depositories as may be satisfactory to the Authority. As part of the Stormwater Revenue Fund, such accounts as may be required in connection with any financings or as may be deemed desirable shall be established by the Township on behalf of the Authority, all in accordance with the accepted accounting practices and any applicable Trust Indentures of any Revenue Bonds. Proper officers or employees of the Township, with the approval of the Authority, shall be authorized to make payments or transfers, as appropriate, with respect to costs properly chargeable to the Stormwater Revenue Fund.

The Township may invest such moneys in the Stormwater Revenue Fund, on behalf of the Authority, in such amounts and for such periods of time as it deems appropriate, taking into consideration the moneys available and anticipated expenditures and the requirements of any applicable Trust Indentures of any Revenue Bonds.

All such moneys which shall not be invested by the Township, to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, shall be secured continuously for benefit of the Authority, as shall be required, from time-to-time, by laws of the Commonwealth of Pennsylvania. Obligations pledged as such security shall be deposited with a Federal Reserve Bank, or with the trust department of some other bank, trust company or depository, as shall be authorized by law with respect to trust funds in the Commonwealth of Pennsylvania and satisfactory to the Authority.

6. The ownership of all personal property, equipment, and materials used in the operation and maintenance of the Sanitary Sewer System and the Stormwater System and for the furnishing of adequate and satisfactory Sanitary Sewer service and Stormwater service to users shall be the

responsibility of the Township. The Township shall maintain such personal property and equipment in good working order, and shall include such personal property and equipment within its Capital Plan, scheduling same for replacement at the end of its useful life. The direct costs incurred by the Township for maintenance, repair, and replacement of personal property, equipment, and materials shall be paid by the Authority.

7. The Township agrees to cause all officers and employees of the Township handling funds relating to the Sanitary Sewer System and the Stormwater System to be bonded at all times in amounts determined to be appropriate by the Authority, which bonds shall be issued by a responsible surety company or surety companies duly qualified to do business in the Commonwealth of Pennsylvania and satisfactory to the Authority.

8. The Township is authorized to make Extraordinary Repairs, without further approval of the Authority, to the extent that funds shall be available to it for such purposes without depleting available funds below the amounts needed for adequate reserves in connection with the operation and maintenance of the Sanitary Sewer System and the Stormwater System and in accordance with any applicable Trust Indentures of Sanitary Sewer Revenue Bonds and Stormwater Revenue Bonds.

9. The Township, from time-to-time, may request that the Authority undertake Capital Additions. The request by the Township shall be accompanied by a certificate of the Consulting Engineers of the Authority that such Capital Additions are necessary and desirable for the proper operation and maintenance of the Sanitary Sewer System and/or the Stormwater System. Upon approval of the Authority, which approval shall not be unreasonably withheld, the Township shall undertake such Capital Additions.

10. The books, records and accounts of the Township, as Manager of the Sanitary Sewer System and the Stormwater System, shall be open for inspection by the Authority or its authorized agents at any reasonable time. The Township shall prepare and submit to the Authority quarterly financial reports setting forth actual revenues and expenses for the preceding quarter and setting forth a comparison to the approved budget amounts. On an annual basis following close of a respective fiscal year, the Township and the Authority shall cause to be prepared an audit of the records and accounts of the Authority and an audit of the records and accounts of the Township.

11. In consideration of the Sanitary Sewer services rendered by the Township under this Agreement, the Authority agrees to pay to the Township on a monthly or quarterly basis, as applicable, the following amounts:

a. Any direct costs incurred by the Township for labor, materials or services provided for the Sewer System;

b. For services rendered by the Township's administrative staff, to include the Township Manager, Administrative Assistant to the Township Manager, Finance Department, Personnel Department, Human Resource Manager, Communications Manager and IT services, an allocated share equal to twenty percent (20%) of the total Township costs and expenses for administrative staff for such month or quarter, as applicable.

c. All costs incurred in accordance with paragraph 6, above.

12. In consideration of the Stormwater System services rendered by the Township under this Agreement, the Authority agrees to pay to the Township on a quarterly basis the following amounts:

- a. Any direct costs incurred by the Township for labor, materials or services provided for the Stormwater System;
- b. For services rendered by the Township's administrative staff, to include the Township Manager, Administrative Assistant to the Township Manager, Finance Department, Personnel Department, Public Works Director, Public Works Operations Supervisor, Public Works Secretary, Human Resource Manager, Communications Manager, and IT services an allocated share equal to five percent (5%) of the total Township costs and expenses for administrative staff for such month and/or quarter. For services rendered by the Township Engineering Field Technician, one hundred percent (100%) of the total Township costs and expenses for such month or quarter, as applicable.
- c. All costs incurred in accordance with paragraph 6, above.

13. The Consulting Engineer for the Sanitary Sewer System shall be selected by the Authority and retained by the Authority and the Township. The Consulting Engineer for the Stormwater System shall be selected by the Authority and retained by the Authority and the Township. The Consulting Engineers shall act as consulting engineers to the Township and the Authority in all matters relating to operation of the Sanitary Sewer System and Stormwater System pursuant to this Agreement.

14. This Agreement represents the entire understanding between the parties and supersedes all previous Agreements. This Agreement shall continue in effect for the term beginning with the date hereof, and from Year-to-Year thereafter, unless either party shall give written notice of its desire to terminate or amend the Agreement at the expiration of any term thereof, such notice to be given, in writing, at least 120 days before the expiration of such term.

**IN WITNESS WHEREOF, LOWER PAXTON TOWNSHIP AUTHORITY** has caused this Agreement to be executed by its Chairman or Vice-Chairman and its corporate seal to be hereunto affixed and attested by its Secretary or Assistant Secretary, and the TOWNSHIP OF LOWER PAXTON has caused this Agreement to be executed by the Chairman or Vice-Chairman of its Board of Supervisors and its corporate seal to be hereunto affixed and attested by its Secretary, this day of 2018.

**TOWNSHIP OF LOWER PAXTON**

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Chairman

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Secretary

Chairman of its Board of Supervisors and its corporate seal to be hereunto affixed and attested by its Secretary, this 27<sup>th</sup> day of 2018.

**TOWNSHIP OF LOWER PAXTON**

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Chairman

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Secretary

**LOWER PAXTON TOWNSHIP  
AUTHORITY**

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Chairman

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Secretary

**LOWER PAXTON TOWNSHIP  
AUTHORITY**

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Chairman

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Secretary