

FIRST AMENDMENT TO SUBSIDY AGREEMENT

Dated as of [_____], 2025

Between

LOWER PAXTON TOWNSHIP AUTHORITY

and

TOWNSHIP OF LOWER PAXTON,
Dauphin County, Pennsylvania,

With Respect To The

General Obligation Bonds, Series of 2025

Dated as of [_____], 2025

of

The Township of Lower Paxton
Dauphin County, Pennsylvania

FIRST AMENDMENT TO SUBSIDY AGREEMENT

THIS FIRST AMENDMENT TO SUBSIDY AGREEMENT, dated as of [____], 2025 (the “First Amendment”), is between the LOWER PAXTON TOWNSHIP AUTHORITY, a municipal authority existing under the Authorities Act (the “Authority”), and the TOWNSHIP OF LOWER PAXTON (the “Township”), Dauphin County, Pennsylvania, a political subdivision of the Commonwealth, and further amends and supplements that certain Subsidy Agreement dated as of March 7, 2024, by and between the Authority and the Township (the “Original Subsidy Agreement,” and together with this First Amendment, the “Subsidy Agreement” or “Agreement”).

WITNESSETH:

WHEREAS, the Authority (which capitalized term and other capitalized terms and phrases set forth herein shall have the meanings as defined or specified in the Subsidy Agreement), pursuant to power and authority vested in it by law and pursuant to the request and approval of the Township, acquired or constructed the Sewer System; and

WHEREAS, the Board of Supervisors of the Township heretofore issued its \$14,670,000 General Obligation Bonds, Series of 2024 (the “Series of 2024 Bonds”) for the purpose of financing a certain Project, as described in the Original Subsidy Agreement; and

WHEREAS, the Authority, as an inducement to the Township to authorize and to issue its Series of 2024 Bonds, entered into the Original Subsidy Agreement with the Township, with respect to the Series of 2024 Bonds, as permitted by the Debt Act; and

WHEREAS, pursuant to the Original Subsidy Agreement, Debt Service related to the Series of 2024 Bonds is paid by the Township from available Authority funds to the extent and in the manner provided in the Original Subsidy Agreement; and

WHEREAS, the Board of Supervisors of the Township contemplates the authorization, sale, issuance and delivery of its General Obligation Bonds, Series of 2025 (the “Series of 2025 Bonds”) with the proceeds to be applied for the purposes of providing funds for and toward the 2025 Project; and

WHEREAS, the Series of 2025 Bonds are to be issued under and pursuant to Ordinance No. 25-[____] duly enacted by the Board of Supervisors of the Township on September 2, 2025 (the “2025 Ordinance”);

WHEREAS, the Board of Supervisors of the Township has appointed the Paying Agent as paying agent and sinking fund depository for the Series of 2025 Bonds; and

WHEREAS, the Authority, as an inducement to the Township to undertake the 2025 Project and to authorize and to issue the Series of 2025 Bonds, desires to enter into this First Amendment with respect to the Series of 2025 Bonds, as permitted by the Debt Act; and

WHEREAS, the parties hereto desire to set forth the terms and conditions under and pursuant to which certain Debt Service related to the Series of 2025 Bonds shall be paid by the

Township from available Authority funds to the extent and in the manner provided herein and related matters.

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

ARTICLE I

Definitions

SECTION 1.01. All defined terms used but not defined herein shall have the meanings set forth in the Original Subsidy Agreement. The terms defined in this First Amendment and in this Section 1.01, for all purposes of the Agreement have the meanings herein specified, unless the context clearly otherwise requires:

“***Bonds***” shall mean, collectively, the Series of 2024 Bonds and the Series of 2025 Bonds;

“***Debt Service***” shall mean, with respect to any Fiscal Year, the sum of amounts required to be set aside in such Fiscal Year for payment of interest on and principal of the Bonds and applicable amounts required to be deposited in such Fiscal Year to the credit of any sinking, purchase, redemption or analogous fund established for such Bonds (such “***Debt Service***” being more particularly described in Schedule A attached hereto and hereby made a part hereof); provided, however, that “***Debt Service***,” with respect to any Fiscal Year, for a series of Bonds for which there shall have been established a sinking, purchase, redemption or analogous fund shall be determined after projecting operation of such fund to retirement of such Bonds of such series to the extent that the same shall be required to be retired and giving effect to the reduction in interest payments to be made with respect to such Bonds by reason of such retirement;

“***Ordinance***” shall mean, collectively, the Ordinance authorizing the issuance delivery of the Series of 2024 Bonds duly enacted by the Board of Supervisors of the Township on December 5, 2023 and the 2025 Ordinance;

“***Paying Agent***” shall mean Manufacturers and Traders Trust Company, a New York state chartered bank with trust powers, having a corporate trust office in the City of Harrisburg, Pennsylvania.

“***2025 Project***” shall mean the Township’s financing for the benefit of the Authority in connection with the following project: (i) the design, planning, acquisition, construction and/or equipping of improvements to the Sewer System; and (ii) the payment of the costs of issuance related to the issuance of the Series of 2025 Bonds;

“***2024 Sinking Fund***” shall mean the special fund of the Township established for the benefit of the Series of 2024 Bonds.

“***2025 Sinking Fund***” shall mean the special fund of the Township established under the 2025 Ordinance, for the benefit of the Series of 2025 Bonds.

SECTION 1.02. Section 1.01 of the Original Subsidy Agreement is hereby amended to strike the following terms:

“*Sinking Fund*” shall mean the special fund of the Township established under the Ordinance for the benefit of the holders of the Series of 2024 Bonds.

“*2024 Paying Agent*” shall mean Manufacturers and Traders Trust Company, a New York state chartered bank with trust powers, having a corporate trust office in the City of Harrisburg, Pennsylvania.

ARTICLE II ***Covenants and Agreements of the Township***

SECTION 2.01. The Township agrees that the proceeds derived from the sale of the Series of 2025 Bonds shall be made immediately available for application toward the 2025 Project.

ARTICLE III ***Representations and Warranties of the Township***

SECTION 3.01. The Township represents and warrants that:

A. The Township is a municipality (Township of the Second Class) of the Commonwealth;

B. The Township is possessed of all requisite power and authority under laws of the Commonwealth to enter into and to perform all covenants and agreements contained in this First Amendment;

C. The Township has been duly authorized to enter into this First Amendment, pursuant to proper and necessary official action of its Board of Supervisors, in accordance with laws of the Commonwealth;

D. The Township, in entering into this First Amendment, is acting in the public interest in connection with preservation and protection of the general health and welfare of inhabitants of the Township and of the Commonwealth; and

E. The Township has duly enacted the 2025 Ordinance and has authorized and issued the Series of 2025 Bonds.

ARTICLE IV
Payment of Sums by the Authority

SECTION 4.01. The Authority hereby unconditionally agrees to pay to the Township, or its assigns, but only from the Receipts and Revenues from the Sewer System and other legally available funds and only after payment or proper provision for payment of Administrative Expenses and Operating Expenses, the following sums as hereunder set forth at the following times (or less frequently if paid in advance, subject to Section 4.02 hereof) in immediately available funds:

A. Commencing on or before March 15, 2026, and on or before March 15 of each year thereafter, the amount which, together with other available funds, is required to pay the Debt Service with respect to the Series of 2025 Bonds, as provided in Schedule A hereto, on the next succeeding April 1; and

B. Commencing on or before September 15, 2026, and on or before September 15 of each year thereafter, the amount which, together with other available funds, is required to pay the Debt Service with respect to the Series of 2025 Bonds, as provided in Schedule A hereto, on the next succeeding October 1; and

C. Additionally, the Authority shall also pay to the Township or its assigns, when and as required, all Paying Agent's fees and expenses reasonably required and fairly attributable to the portion of the Series of 2025 Bonds attributable to the 2025 Project, as applicable and appropriate.

SECTION 4.02. The Authority may make payments in advance from time to time, on account of the amounts payable to the Township or its assigns hereunder, in installments, all of which amounts shall be credited against the payments at the time next due. All such payments shall be made directly to the Paying Agent, as applicable and appropriate, unless otherwise directed by the Township, and shall be deposited by the Paying Agent, as applicable and appropriate, in the 2025 Sinking Fund created under the 2025 Ordinance, as applicable and appropriate, in the respective amounts for the Series of 2025 Bonds set forth in Schedule A hereto. The Authority may also prepay all or any portion of the amounts payable hereunder at the times, to the extent and upon the same conditions that the Township has the right under the 2025 Ordinance to redeem the Series of 2025 Bonds and such amounts shall promptly be applied by the Township toward optional redemption of the Series of 2025 Bonds.

SECTION 4.03. The obligation of the Authority to make the payments hereunder and to perform and observe the other agreements on its part contained herein shall be specifically enforceable and shall be absolute and unconditional, subject only to the limitations contained herein. During the term of the Subsidy Agreement, the Authority: (a) will perform and observe all of its agreements contained in the Subsidy Agreement, and (b) will pay without abatement, diminution or deduction (whether for taxes or otherwise) all amounts required to be paid hereunder, regardless of any cause or circumstances whatsoever including, without limiting the generality of the foregoing, any defense, set-off, recoupment or counterclaim which the Authority may have or assert against the Township, the Paying Agent or any other Person, any failure of the Township to perform any covenant or agreement contained herein or in any other agreement between the Authority and the Township, any indebtedness or liability at any time owing to the

Authority by the Township, any commercial frustration of purpose, any change in the tax or other laws of the United States or of the Commonwealth or any political subdivision of either or any failure of the Township to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with the Subsidy Agreement, the 2025 Ordinance, the Series of 2025 Bonds or the Sewer System. Amounts required to be paid by the Authority pursuant to the Subsidy Agreement shall be received by the Township as net sums and the Authority covenants to pay all charges against or which might diminish such net sums.

Nothing contained in this Section 4.03 shall be construed to release the Township from the performance of any of the agreements on its part herein contained; in the event the Township should fail to perform any such agreement on its part, the Authority may deem it necessary to compel performance so long as such action does not affect the performance of the obligations of the Authority contained herein. The Authority may, however, at its own cost and expense and in its own name or in the name of the Township, prosecute or defend any action or proceeding or take any other action involving third persons which the Authority deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Township hereby agrees to cooperate fully with the Authority and to take all actions necessary to effect the substitution of the Authority for the Township in any such action or proceeding if the Authority shall so request.

The Authority hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate or cancel or to limit its liability under the Subsidy Agreement, except in accordance with the express terms of the Subsidy Agreement.

SECTION 4.04. It is the intent and purpose of this First Amendment that (1) the Authority shall be obligated to subsidize the full Debt Service on the Series of 2025 Bonds, as specified on Schedule A hereto and (2) that the Township shall be required to pay over to the Paying Agent only that portion of the Debt Service on the Series of 2025 Bonds that cannot be paid from the Receipts and Revenues from the Sewer System or from other money of the Authority that shall be available for the purpose.

Therefore, the parties hereto agree that the Township shall be entitled to credits against the Debt Service on the Series of 2025 Bonds, which credits shall be equal to the total of (1) the amount that from time to time shall be paid by the Authority to the Paying Agent in each Fiscal Year to be available for applicable Debt Service on the Series of 2025 Bonds in accordance with terms of the 2025 Ordinance; and (2) any other amount that shall be available for Debt Service on the Series of 2025 Bonds in accordance with the terms of the 2025 Ordinance, respectively.

Accordingly, on or before April 1 and on or before October 1, respectively, of each Fiscal Year, the Paying Agent, after having received from the Authority such money as shall be available for transfer to the 2025 Sinking Fund, as applicable and appropriate, each, as applicable and appropriate, shall notify the Township of any deficiency in the funds that shall be available for transfer to the 2025 Sinking Fund, for Debt Service on the Series of 2025 Bonds, and the Township forthwith shall pay over to the Paying Agent, any amount or amounts required at the time to eliminate such deficiency for Debt Service on the Series of 2025 Bonds for such Fiscal Year that would occur on the following April 1 or October 1, as appropriate. If in any Fiscal Year the total Debt Service on the Series of 2025 Bonds shall be in excess of the credits to which the Township is

entitled under this Section 4.04 and the Township has paid over to the Paying Agent, such amount or amounts as at that time shall be required to discharge, in full, the obligations of the Township under the 2025 Ordinance, the Authority agrees to cause to be repaid to the Township the amount or amounts actually advanced to the Paying Agent from any money that shall be available for that purpose.

SECTION 4.05. In order to facilitate the budgeting of anticipated credits by the Township as provided in Section 4.04, the Authority agrees to furnish to the Township, on or before September 15 of each Fiscal Year, a Consulting Engineers' Certificate with respect to the money anticipated to be available for payment by the Authority to the Paying Agent on or before April 1 and on or before October 1 of the following Fiscal Year for deposit in the 2025 Sinking Fund and to be available for Debt Service.

ARTICLE V

Representations and Warranties of the Authority

SECTION 5.01. The Authority makes the following representations and warranties, upon which the Township may rely, and upon which the Authority understands the Township is relying in entering into this First Amendment, and the Authority covenants and agrees that such representations and warranties shall be deemed to be continuing during the entire life of this First Amendment:

- A. The Authority duly is existing under the Authorities Act and is authorized and empowered to acquire, construct, own, hold and operate the Sewer System;
- B. The Authority duly is authorized and empowered to enter into this First Amendment and to incur the obligations provided for in this First Amendment;
- C. The Authority, by due and legal action of its Board, has authorized execution and delivery of this First Amendment;
- D. Upon issuance and delivery of the Series of 2025 Bonds, the Authority will proceed promptly with the undertaking of the 2025 Project;
- E. There is no litigation, pending or threatened, against the Authority, the outcome of which might affect the ability of the Authority to own and/or operate the Sewer System or which otherwise might affect the validity of this First Amendment;
- F. There is no statute, rule, regulation, contract or agreement which is binding upon the Authority, which will be contravened by execution and delivery hereof or by performance of any term, condition, agreement or undertaking of the Authority provided for herein; and
- G. The Authority has acquired, or the Authority has legal power and authority to acquire and will acquire, at the appropriate time, good and adequate title in and to all land and interests in land which shall be required for operation and use of the Sewer System.

ARTICLE VI
Amendment to Original Subsidy Agreement

SECTION 6.01. Each reference in the Original Subsidy Agreement to the “2024 Paying Agent” shall be deleted and replaced with the “Paying Agent”.

SECTION 6.02. Each reference in the Original Subsidy Agreement to the “Sinking Fund” shall be deleted and replaced with the “2024 Sinking Fund”.

SECTION 6.03. Section 5.06 of the Original Subsidy Agreement is amended and restated in its entirety as follows:

A. “**SECTION 5.06.** The obligations of the Authority under this Subsidy Agreement shall be absolute and unconditional, subject to the limitations contained herein, irrespective of any other agreement or instrument to which the Authority shall be a party, and shall remain in full force and effect until the entire principal of and interest on the Bonds shall have been paid or shall have been provided for to the satisfaction of the Paying Agent and shall not be affected, modified, diminished or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following, whether or not with notice to or consent of the Township, unless such notice or consent is required hereunder:

A. The failure of the Authority to perform any obligation contained in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents or independent contractors, legal action of any nature that shall delay construction relating to, or operation of, the Sewer System, labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The failure to give notice to the Authority of the occurrence of a default under terms and provisions of this Subsidy Agreement or the Ordinance;

C. The inaccuracy of the estimate of credits or anticipated credits, as appropriate, required under Section 5.05;

D. The validity, enforceability or termination of the Ordinance;

E. The neglect or failure of the Township or the Paying Agent to exercise or to preserve any rights or rights of action against any party, person or property;

F. The failure of the Township or the Paying Agent to have enforced, on prior appropriate occasions, any right or right of action against any party, person or property;

G. The compromise, settlement, release, alteration, indulgence or any other change or modification of any obligation or liability of the Township under the Ordinance, regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

H. The waiver of the payment, performance or observance by the Authority, the Paying Agent or the Township of any obligations, covenants or agreements contained in the Ordinance or in this Subsidy Agreement;

I. The extension of the time for payment of the principal of any Bonds or any part thereof owing or payable under this Subsidy Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Ordinance or this Subsidy Agreement;

J. The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Ordinance;

K. The taking of, or the omission to take, any action referred to in the Ordinance or in this Subsidy Agreement;

L. Any failure, omission or delay on the part of the Township or the Paying Agent to enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Township or the Paying Agent hereunder or under the Ordinance, or to enforce, to assert or to exercise any other right or rights on the part of the Township, the Paying Agent or any of the holders, at any time or from time to time, of the Bonds;

M. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings affecting the Township or the Authority or any of the assets of either of them, or any allegation or contest of the validity of this Subsidy Agreement in any such proceeding;

N. The release or discharge of the Authority, to the extent permitted by law, from performance or observance of any obligation, covenant or agreement contained in this Subsidy Agreement, by operation of law;

O. The default or failure of the Authority fully to perform any of its obligations set forth in this Subsidy Agreement; or

P. The damage to or partial or total destruction of the Sewer System or the taking of title to or the temporary or permanent use of the Sewer System by any lawful body or authority.”

SECTION 6.04. Section 7.01, Section 7.02, Section 8.01 and Section 8.03 shall be amended so that all references to the “Series of 2024 Bonds” shall be deleted and replaced with a reference to the “Bonds” and all references to the “Project” shall refer to both the “Project” and the “2025 Project”.

ARTICLE VII Miscellaneous

SECTION 7.01. All terms, conditions, covenants, and agreements of the Original Subsidy Agreement, as amended and supplemented by this First Amendment, except to the extent that the same are modified or amended or supplemented hereby, are ratified and confirmed and are declared to be and shall be and shall remain in full force and effect and shall apply in all respects to this First Amendment and to the Series of 2025 Bonds, all as shall be applicable and appropriate, with like effect, as applicable and appropriate, as if the same were repeated substantively, in full herein; provided, however, that the Original Subsidy Agreement always shall be construed so as to give proper effect and meaning to the intent and purposes hereof.

No further amendment, change, modification, alteration or termination of the 2025 Ordinance that would in any way increase obligations of the Authority under this First Amendment shall be effective without obtaining the prior written consent of the Authority.

SECTION 7.02. The obligations of the Authority hereunder shall arise absolutely and unconditionally when the Series of 2025 Bonds shall have been issued, sold and delivered by the Township.

SECTION 7.03. The Authority covenants with the Township that it duly and punctually will perform every covenant and agreement undertaken by the Authority under this First Amendment.

SECTION 7.04. In the event of default by the Authority in the punctual discharge of its obligations hereunder, the Township shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies that otherwise may be provided at law or in equity, including specific performance, or by other statutes, including but not limited to the remedies provided by the Authorities Act.

SECTION 7.05. No remedy conferred upon or reserved to the Township hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Township to exercise any remedy reserved in this Agreement, it shall not be necessary to give any notice other than such notice as herein expressly may be required. In the event any provision contained in this Agreement shall be breached by any party and thereafter duly shall be waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or

dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties.

SECTION 7.06. This First Amendment, being a supplement to the Original Subsidy Agreement, shall be construed as an integral part thereof.

SECTION 7.07. This First Amendment is entered into by the Authority for the benefit of the Township.

SECTION 7.08. Terms of this First Amendment may be enforced as to any one or more breaches, either separately or cumulatively.

SECTION 7.09. The Township may assign the sums due hereunder to the Paying Agent to be held and applied pursuant to the provisions of the 2025 Ordinance. The Authority consents to such assignment and accepts notice thereof with the same legal effect as though such acceptance were embodied in a separate instrument, separately executed after execution of such assignment.

SECTION 7.10. Provisions of this First Amendment shall be severable; if any one or more of the phrases, sentences, clauses, Articles, Sections or parts contained in this First Amendment shall be deemed or declared invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this First Amendment or any remaining parts thereof.

SECTION 7.11. This First Amendment shall be construed in accordance with and shall be governed by laws of the Commonwealth.

[Remainder of Page Intentionally Left Blank]

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

Attest:

TOWNSHIP OF LOWER PAXTON

(Asst.) Secretary

By: _____
Chairman, Board of Supervisors

Attest:

LOWER PAXTON TOWNSHIP
AUTHORITY

(Asst.) Secretary

By: _____
Chairman

SCHEDULE A
DEBT SERVICE SCHEDULE OF THE SERIES OF 2025 BONDS

SCHEDULE A (con't)

DEBT SERVICE SCHEDULE OF THE SERIES OF 2024 BONDS