

ISDA  
International Swaps and Derivatives Association, Inc.

SCHEDULE  
to the  
1992 Master Agreement

dated as of September [ ], 2018

between

Royal Bank of Canada  
("Party A")

and

Lower Paxton Township  
("Party B")

**Part 1. Termination Provisions.**

- (a) **"Specified Entity"** means in relation to Party A for the purpose of:-

Section 5(a)(v),	None.
Section 5(a)(vi),	None.
Section 5(a)(vii),	None.
Section 5(b)(iv),	None.

and in relation to Party B for the purpose of:-

Section 5(a)(v),	None.
Section 5(a)(vi),	None.
Section 5(a)(vii),	None.
Section 5(b)(iv),	None.

- (b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement.
- (c) The **"Cross Default"** provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B.

If such provisions apply:-

**"Specified Indebtedness"** will have the meaning specified in Section 14 of this Agreement except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business, if any.

**"Threshold Amount"** means in relation to Party A, 3% of its shareholders' equity (as disclosed in its most recent financial statements), and in relation to Party B, USD 5,000,000, or in each case the equivalent in any other currency.

- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(iv) will apply to Party A and will apply to Party B.

- (e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) **"Payments on Early Termination."** For the purpose of Section 6(e) of this Agreement:-
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) **"Termination Currency"** means United States Dollars.
- (h) **Additional Termination Events** will apply. The following shall constitute an Additional Termination Event:

Either:

(A) Party A's Counterparty Risk Assessment is at any time rated below A3 by Moody's Investor Services, Inc. ("Moody's"; Moody's and any Replacement Agency (as defined below), if any, to be referred to collectively as the "Rating Agencies" and individually as a "Rating Agency"); or

(B) the long-term unsecured, unsubordinated debt of Party B is at any time rated below A3 by Moody's; or

(C) at any time, the Counterparty Risk Assessment of Party A or the long-term unsecured, unsubordinated debt of Party B is not rated by all, but not less than all, of the Rating Agencies for any reason whatsoever (including, without limiting the generality of the foregoing, by reason of a Rating Agency ceasing to provide a rating for such debt or risk assessment).

For the purposes of this Additional Termination Event, the party that is rated as in (A) or (B) or whose debt or risk assessment is not rated (or is no longer rated as in (C)) shall be the Affected Party and all Transactions shall be Affected Transactions.

In the event that any of the Rating Agencies cease providing ratings services generally, or cease providing ratings services in regard to long-term unsecured, unsubordinated debt specifically, the parties hereto shall mutually agree upon one or more alternate rating agencies (the "Replacement Agency") and shall designate the rating level issued by such rating agency or agencies for the purposes of this provision.

(D) An Additional Termination Event shall occur on the date when all of Party B's Related Bonds (as such term is defined in a Confirmation) are no longer outstanding. In such event, Party A and Party B shall be the Affected Parties for purposes of this Additional Termination Event.

- (i) **Additional Events of Default.** For purposes of Section 5(a) of the Agreement, the following shall constitute additional Events of Default:

Party B becomes an entity whose underlying assets include "plan assets" subject to ERISA by reason of United States Department of Labor Regulation 29 CFR 2510.3-101, as modified by Section 3(42) of ERISA or otherwise.

Party A determines that the execution, delivery or performance of the Agreement or any Transaction hereunder constitutes a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which no exemption is available.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

- (j) **Optional Termination.** In accordance with the Debt Act, Party B may, at will and without cause, at its option by not more than five (5) days' notice to Party A, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of an outstanding Transaction or portion of an outstanding Transaction; provided, however, that any such partial reduction shall be in a Notional Amount of at least USD 1,000,000. In connection with such termination or partial termination, both parties will be Affected Parties. Party B shall not have the right to so terminate or partially terminate any Transaction unless Party B has provided evidence reasonably satisfactory to Party A that Party B has or will have on the designated Early Termination Date sufficient available funds with which to pay any amount due to Party A in connection with such termination or partial termination.
- (k) **Cure and Wait Periods.** Section 5(a)(i) of the Agreement is hereby amended by deleting the word "third" appearing in the third line thereof and substituting therefor the word "first" and Section 5(a)(vii) of the Agreement is hereby amended by deleting the words "30 days" appearing in clauses 4(A) and (7) thereof and substituting therefor the words "15 days".

## Part 2. Tax Representation.

- (a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B each will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representations.**

(i) **Party A.** For the purposes of Section 3(f) of this Agreement, Party A makes the representations specified below:

A) (i) It is a bank organized under the laws of Canada and (ii) it is a foreign corporation for U.S. federal income tax purposes.

B) In respect of a Transaction where it is acting through an office or discretionary agent located in the United States, each payment received or to be received by it in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States.

C) In every other case, (i) each payment received or to be received by it will be received by a "foreign person" and a "non-U.S. branch of a foreign person" (as those terms are used in Sections 1.6041-4(a)(4) and 1.1441-4(a)(3)(ii), respectively, of the United States Treasury Regulations), (ii)

no part of any payments received or to be received by it in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States and (iii) it is fully eligible for the benefits of the "Business Profits" or "Industrial and Commercial Profits" provision, as the case may be, the "Interest" provision or the "Other Income" provision (if any) of the Specified Treaty with respect to any payment described in such provisions and received or to be received by it in connection with this Agreement and no such payment is attributable to a trade or business carried on by it through a permanent establishment in the Specified Jurisdiction.

"Specified Treaty" means the income tax convention or treaty between the Government of Canada and the Government of the United States.

"Specified Jurisdiction" means the United States.

(ii) **Party B.** For the purposes of Section 3(f) of this Agreement, Party B makes the representations specified below:

It is (i) a school district organized and existing under the laws of the Commonwealth of Pennsylvania, (ii) a political subdivision of the Commonwealth of Pennsylvania, and (iii) a "U.S. person" (as that term is defined in Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended).

### Part 3. Agreement to Deliver Documents.

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:-

(a) Tax forms, documents or certificates to be delivered are:-

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
<b>Party A</b>	with respect to any payments described in Part 2(b)(i)(B) of this Schedule, a U.S. Internal Revenue Service <u>Form W-8ECI</u> (or any successor of such Form), completed accurately and in a manner reasonably acceptable to Party B	(1) upon execution of this Agreement, (2) promptly upon reasonable demand by Party B, and (3) promptly upon learning that the information on any such previously delivered Form is inaccurate or incorrect
<b>Party A</b>	with respect to any payments described in Part 2(b)(i)(C) of this Schedule, a U.S. Internal Revenue Service <u>Form W-8BEN-E</u> (or any successor of such Form) of (i) each office of Party A listed in Part 4(d) of this Schedule and (ii) any other branch through which Party A is considered to be acting for purposes of FATCA, completed accurately and in a manner reasonably acceptable to Party B	(1) upon execution of this Agreement, (2) promptly upon reasonable demand by Party B, and (3) promptly upon learning that the information on any such previously delivered Form is inaccurate or incorrect
<b>Party B</b>	U.S. Internal Revenue Service Form W-9 (or any successor of such Form),	(1) upon execution of this Agreement, (2) promptly upon reasonable demand by Party A, and

	completed accurately and in a manner reasonably acceptable to Party A	(3) promptly upon learning that the information on any such previously delivered Form is inaccurate or incorrect
Party A and Party B	Any other forms or documents, accurately completed and in a manner reasonably satisfactory to the other party, that may be required or reasonably requested in order to allow the other party to make a payment under this Agreement, including any Credit Support Document, without any deduction or withholding for or on account of any Tax or with such deduction at a reduced rate	Promptly upon the reasonable demand of such other party

For these purposes, the term "FATCA" means Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

(b) Other documents to be delivered are:-

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>	<b>Covered by Section 3(d) representation</b>
Party A	Copies of all documents evidencing the authority of each party to sign, deliver and perform this Agreement and appropriate evidence of the authority and true signature of each person signing this Agreement and each Confirmation on its behalf.	Upon execution of this Agreement and, if requested, each Confirmation.	Yes
Party B	Certified copies of all resolutions required to authorize the signing, delivery and performance of this Agreement and each Confirmation by Party B and appointing and empowering individuals, for and on behalf of Party B, to sign and deliver this Agreement and to sign under seal or otherwise and deliver all agreements, documents and instruments, and give all instructions, in connection this Agreement and each Confirmation, together with specimens of their respective signatures.	Upon execution of this Agreement and, if requested, each Confirmation.	Yes
Party A and Party B	An opinion of counsel in form and substance satisfactory to the other party.	Upon execution of this Agreement	No

		and, if requested, each Confirmation.	
Party B	Certified copy of documents filed with the Pennsylvania Department of Community and Economic Development in accordance with the Debt Act.	Upon execution of this Agreement	Yes

#### Part 4. Miscellaneous.

(a) **Address for Notices.** For the purpose of Section 12(a) of this Agreement:-

(i) **Party A:**

(A) Address for notices or communications to Party A with respect to this Agreement generally shall be given to it at the following address:-

ROYAL BANK OF CANADA  
South Tower, 9th Floor  
Royal Bank Plaza  
200 Bay Street  
Toronto, Ontario CANADA M5J 2J5  
Attention: Managing Director – Trading Documentation  
Facsimile No.: (416) 842-4302

(B) Address for notices or communications to Party A with respect to Sections 5 or 6 of this Agreement shall be given to it at the following address:-

ROYAL BANK OF CANADA  
2nd Floor  
Royal Bank Plaza  
200 Bay Street  
Toronto, Ontario CANADA M5J 2W7  
Attention: Managing Director – GRM Trading Credit Risk

(C) Address for notices or communications to Party A with respect to a particular Transaction shall be given to it at the address specified in the Confirmation for such Transaction or, if no address is so specified, then to the address for Party A specified immediately above.

(ii) **Party B:**

[Please advise]

(b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:-

Party A appoints as its Process Agent - Not applicable.

Party B appoints as its Process Agent - Not applicable.

- (c) **Offices.** The provisions of Section 10(a) will apply to Party A and Party B.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:-  
  
 Party A is not a Multibranch Party.  
  
 Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent is Party A unless otherwise specified in a Confirmation in relation to the relevant Transaction, unless Party A is a Defaulting Party and such Event of Default is continuing, in which case the Calculation Agent will be a Reference Market-Maker selected by Party B. Section 5(a)(ii) of the Agreement shall not include any failure by a party to comply with its obligations as Calculation Agent.
- (f) **Credit Support Document.** Details of any Credit Support Document:-  
  
 Details of any Credit Support Document in relation to Party A: None.  
  
 Details of any Credit Support Document in relation to Party B: None.
- (g) **Credit Support Provider.** Details of any Credit Support Provider:-  
  
 Credit Support Provider means in relation to Party A: None.  
  
 Credit Support Provider means in relation to Party B: None.
- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine).
- (i) **Netting of Payments.** " Subparagraph (ii) of Section 2(c) of this Agreement will apply to all Transactions,
- (j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement, except that for the purpose of Section 3(c) it will mean for each party each Specified Entity designated in relation to such party in Part 1(a) of this Schedule and each Credit Support Provider in relation to such party..
- (k) **Additional Representation will apply.** For the purpose of Section 3 of this Agreement, the following will constitute Additional Representations:
  - (i) **Relationship Between Parties.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for the Transaction):
    - (A) **Non Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction. It

has not made any representation, nor is it relying on any communication (written or oral) of the other party, with respect to whether, how, when or in what manner a derivative transaction will be hedged; it being understood that this representation expressly supersedes any communication (written or oral) which may have occurred between the parties with respect to whether, how, when or in what manner a derivative transaction may be hedged.

- (B) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming and assumes, the risks of that Transaction.
  - (C) **Status of Parties.** The other party is not acting as a fiduciary for or as an advisor to it in respect of that Transaction.
  - (D) **No Agency.** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.
- (ii) **Eligible Contract Participant/Eligible Commercial Entity.** Each party represents to the other party (which representation will be deemed to be repeated by each party on each date on which a Transaction is entered into) that it is an "eligible commercial entity" and "eligible contract participant" as defined in Sections 1a(17) and (18) respectively of the Commodity Exchange Act, as amended (7 U.S.C. § 1a (17),(18), as amended).
  - (iii) **ERISA.** Party B represents to Party A (which representation will be deemed to be made at all times when a Transaction is outstanding under the Agreement) that it is not, and is not acting on behalf of, (A) an "employee benefit plan" within the meaning of Section 3(3) of ERISA, subject to the fiduciary responsibility provisions of ERISA, (B) a "plan" within the meaning of Section 4975(e)(1) of the Code, to which Section 4975 of the Code applies, (C) a governmental plan or other entity that is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (D) an entity whose underlying assets include "plan assets" subject to ERISA by reason of United States Department of Labor Regulation 29 CFR 2510.3-101, as modified by Section 3(42) of ERISA or otherwise.

Party B hereby agrees to provide notice to Party A in the event that it is aware that it is in breach of any aspect of this representation or is aware that with the passing of time, giving of notice or expiry of any applicable grace period it will breach this representation; and, for the avoidance of doubt, the parties agree that any breach of this representation shall be material for the purposes of paragraph 5(a)(iv).

- (I) **Recording of Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

## Part 5. Other Provisions.

- (a) **Definitions.** This Agreement, each Confirmation, and each Transaction are subject to the 2006 ISDA Definitions (the "2006 Definitions"), as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and will be governed in all respects by the provisions set forth in the



2006 Definitions, with references to "Swap Transaction" therein being a reference to "Transaction" for purposes of this Agreement. The provisions of the 2006 Definitions are incorporated by reference in, and made part of, this Agreement as if set forth in full in this Agreement and each Confirmation. Unless otherwise specified in this Agreement, the following documents shall govern in the order in which they are listed in the event of any inconsistency between any of the documents:

- (i) the relevant Confirmation;
  - (i) the Schedule;
  - (iii) the printed form of the ISDA Master Agreement; and
  - (iv) the 2006 Definitions.
- (b) **Illegality.** For purposes of Section 5(b)(i), the obligation of Party A to comply with any official directive issued or given by any government agency or authority with competent jurisdiction which has the result referred to in Section 5(b)(i) will be deemed to be an "Illegality".
- (c) **Service of Process.** With respect to the provisions of Section 13(c) of the Agreement, the reference therein to Section 12 to the contrary notwithstanding, no consent is given by either party to service of process by telex, facsimile transmission or electronic messaging system.
- (d) **Accuracy of Specified Information.** Section 3(d) is amended by adding the following words in the third line thereof after the word "respect" and before the full stop the words "or, in the case of audited or unaudited financial statements, balance sheets or reports, a fair representation of the financial condition of the relevant person".
- (e) **Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act.** "Tax" as used in Part 2(a) of this Schedule (Payer Tax Representation) and "Indemnifiable Tax" as defined in Section 14 of this Agreement shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "**FATCA Withholding Tax**"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of this Agreement.
- (f) **Termination.** Section 9(b) of the Agreement is amended by adding the following proviso at the end thereof:

"provided that, at any time no Transactions and no other obligations are outstanding under this Agreement, this Agreement may be terminated by either party and any and all rights, duties and claims of each of Party A and Party B hereunder shall be released and discharged effective upon that party giving written notice to the other party in accordance with Section 12 of this Agreement."
- (g) **Waiver of Jury Trial.** Each party hereto irrevocably waives any and all right to trial by jury in any suit, action or proceeding arising out of or relating to this Agreement or any Transaction hereunder.
- (h) **Counterparts; Form of Agreement.** The Agreement may be executed in separate counterparts, each of which will be deemed an original and all such counterparts shall together constitute one and the same instrument. The parties agree that this Agreement, any documents to be delivered pursuant to this Agreement and any notices hereunder (other than notices under Section 5 or 6 of

the Agreement) may be transmitted between them by email and/or facsimile. The parties intend that faxed signatures and electronically imaged signatures such as .pdf files shall constitute original signatures and are binding on all parties. The parties agree that the text of the body of the Agreement is intended to be, and to conform with, the 1992 ISDA Master Agreement (Multicurrency – Cross Border) promulgated by the International Swaps and Derivatives Association, Inc., and shall be construed accordingly.

(i) **Party B Covenants.** Party B covenants as follows:

- (i) Party B obligations under this Agreement will be paid from Party B's general revenues.
- (ii) Party B will make all payments required by this Agreement and covenants with Party A that: (1) Party B will include the periodic scheduled amounts payable under this Agreement for each fiscal year in its budget for that fiscal year; (2) Party B will appropriate from its general revenues amounts due under this Agreement; and (3) Party B will pledge its full faith, credit and taxing power for the budgeting, appropriation and payment of periodic scheduled payments due under this Agreement.
- (iii) The following will be equally and ratably payable and secured under Party B's covenants to budget funds, appropriate funds, and pledge Party B's full faith, credit and taxing power: (i) periodic scheduled payments due under this Agreement; and (ii) the debt service due on the Related Bonds (as defined in the relevant Confirmation).
- (iv) Periodic scheduled payments due under this Agreement and debt service due on the Related Bonds, will be senior in right and priority of payment to termination payments due under this Agreement. Termination payments due under this Agreement will be subordinate to periodic scheduled payments due under this Agreement and debt service due on the Related Bonds.

(j) **Set-Off.** Section 6 of this Agreement is amended by adding the following Section 6(f):

**“(f) Set-Off.** Any amount (the “Early Termination Amount”) payable to one party (the “Payee”) by the other party (the “Payer”) under Section 6(e), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the party other than the Defaulting Party or the Affected Party, as the case may be (“X”) (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts (“Other Amounts”) payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise)."

(k) ***Tax Event Upon Merger.*** Section 5(b)(iii) is amended by deleting the word "Indemnifiable" in line five.

(l) ***Illegality and Force Majeure Protocol.***

The provisions contained in Schedule 1 of the Illegality/Force Majeure Protocol published by the International Swaps and Derivatives Association, Inc. on July 11, 2012 are incorporated into, apply to and modify the Agreement. References in that Schedule to "Implementation Date" will be deemed to be references to the date of this Agreement and references in that Schedule to "Protocol Covered Master Agreement" will be deemed to be references this Agreement.

**Royal Bank of Canada**

**Lower Paxton Township**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_