

AVON GROVE SCHOOL DISTRICT

Chester County, Pennsylvania

Interest Rate Swap Resolution

Avon Grove School District (the "School District") has incurred debt in the aggregate maximum principal amount of \$139,000,000 for the purpose of financing various capital improvement projects and related costs. The School District plans on incurring the debt by issuing several separate series of bonds. The current plan is that a portion of the debt will be evidenced by the School District's General Obligation Bonds, Series of 2018 (the "2018 Bonds"), General Obligation Bonds, Series of 2020 (the "2020 Bonds"), General Obligation Bonds, Series of 2021 (the "2021 Bonds") and General Obligation Bonds, Series of 2022 (the "2022 Bonds"). The debt has been incurred pursuant to a Parameters Borrowing Resolution adopted by the School Board on November 15, 2018 (the "Bond Resolution").

In order to effectively plan and manage debt service, the School District intends to execute two cash settled forward interest rate swaps designed to manage interest risk on the future issuance of the bonds. The first swap (the "2020 Swap") is intended to hedge interest rates on a \$20,000,000 portion of the 2020 Bonds. The second swap (the "2021 Swap") is intended to hedge interest rates on a \$20,000,000 portion of the 2021 Bonds. The 2020 Swap and the 2021 Swap, including all documentation required to be executed by the School District to enter into the 2020 Swap and the 2021 Swap, as applicable, are collectively referred to as the "Swaps".

The School District has determined that executing the Swaps is in the best interests of the School District in order to manage the interest rate risk on the future issuance of the 2020 Bonds and the 2021 Bonds. The purpose of executing the Swaps is to provide a more predictable debt service amount payable each year on the 2020 Bonds and the 2021 Bonds and to hedge the School District against possible rising interest rates.

The interest rate swaps can be accomplished through an Interest Rate Management Agreement, commonly called a "swap agreement," with a financial institution that is in the business of providing interest rate swaps.

Pursuant to the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S.A. § 8001 *et seq.*, including without limitation §§ 8281- 8285 (the "Act"), the School District is authorized to enter into a swap agreement and the Swaps.

The School District has determined that a private negotiated sale of the swap agreements is in the best interests of the School District and has received swap agreement proposals from Royal Bank of Canada ("Royal Bank").

The School District has retained PFM Swap Advisors LLC (the "Independent Financial Advisor") to act as its qualified independent representative (as defined in the CFTC Business Conduct Standards) and as its independent financial advisor to the School District with respect to the Swaps.

NOW, THEREFORE, BE IT RESOLVED by the Board of School Directors of Avon Grove School District, Chester County, Pennsylvania, as follows:

SECTION 1. Interest Rate Management Plan. The School District adopts the Interest Rate Management Plan submitted to this meeting and attached hereto as **Appendix A**. The Interest Rate Management Plan shall be filed with the minutes of this meeting. The Interest Rate Management Plan contains the components required by Pennsylvania law.

SECTION 2. Swap Agreement. The School District will enter into a swap agreement with Royal Bank (the "Swap Agreement"). The form of Swap Agreement submitted to this meeting (including a Master Agreement, Schedule, Confirmation for the 2020 Swap and a Confirmation for the 2021 Swap) and the documentation that will be executed in connection with compliance with the CFTC business conduct standards (ISDA Protocol or Bilateral Agreement) with Royal Bank are attached hereto as **Appendix B** is approved and directed to be filed with the minutes of this meeting. The President and Secretary or Director of Business Administration/Chief Financial Officer of the School District or other appropriate officers of the School District are authorized and directed to execute the Swap Agreement, substantially in the form presented to this meeting, with such variations as the executing officers shall approve, their execution of the same to be conclusive evidence of such approval, and to deliver the same to the swap counterparty. The officers and Director of Business Administration/Chief Financial Officer of the School District are directed to take all action deemed necessary or appropriate to carry out the terms of the Swap Agreement.

SECTION 3. Conclusion of the Swap Transaction and Final Interest Rate. The Swap Agreement as submitted to this meeting includes the Maximum Interest Rate, but does not specify the actual interest rate. This will be established at the Closing of the Swap Agreement and Swaps. Subject to receipt of the final fairness opinion from the Independent Financial Advisor as provided in Section 5 below, the Director of Business Administration/Chief Financial Officer of the School District is authorized, at a time and under market conditions deemed appropriate, to establish the actual interest rate and final terms of the Swap Agreement, and to complete the award of the swap agreements by execution on behalf of the School District of the Master Agreement, Schedule, final 2020 Confirmation and the final 2021 Confirmation, Tax Integration Certificate and any other documents, schedules or agreements necessary or appropriate to effectuate the intent of this Resolution.

SECTION 4. Method of Award. The School Board has discussed the merits of alternative methods of awarding the swap agreement, including public sale, private negotiated sale, or private sale by invitation. The School Board determines that a private negotiated sale with Royal Bank is in the best interests of the School District.

SECTION 5. Award of Swap Agreement/Fairness Opinion. As part of completing the Closing on the Swap Agreement and swap transaction, the School District will receive a written final fairness opinion from the Independent Financial Advisor, in form and substance satisfactory to the School District Director of Business Administration/Chief Financial Officer and solicitor, dated as of the Closing, that the final terms and conditions of the Swap Agreement executed and delivered by the parties are fair and reasonable to the School District as of the date of execution and delivery. Based on the information received to date from the Independent Financial Advisor, other information provided to the School Board, and the written opinion to be received from the Independent Financial Advisor, the School Board determines that the structure and terms of Swap Agreement are in the School District's best financial interest.

SECTION 6. DCED Proceedings/Execution of Documents and Actions. The President (or a Vice President), Treasurer (or Assistant Treasurer), and Secretary (or Assistant Secretary) of the School Board, and the Director of Business Administration/Chief Financial Officer of the School District, or any one of such officers alone, are authorized and directed to: (1) prepare, verify and file a copy of this Swap Resolution and related proceedings with the Department of Community and Economic Development within 15 days following adoption of this Swap Resolution; and (2) take all action, execute, deliver, file and/or record all documents, and publish all notices deemed necessary or appropriate to completing the Closing on the Swap Agreement and swap transaction.

SECTION 7. Mandatory Provisions. This Swap Resolution is enacted pursuant to, and the Swap Agreement executed hereunder shall be subject to, and includes all required provisions of the Act and all of the mandatory provisions thereof shall apply to this Swap Resolution and the Swap Agreement whether or not explicitly stated herein.

SECTION 8. Severability. If any one or more of the provisions in this Swap Resolution or in the Swap Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Swap Resolution or of the Swap Agreement, and this Swap Resolution and the Swap Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision had never been contained therein.

SECTION 9. Prior Resolutions. All resolutions and parts of resolutions previously adopted to the extent that the same are inconsistent herewith are repealed.

SECTION 10. Effective Date. This Resolution shall take effect on the earliest date permitted by the Act.

Interest Rate Management Plan

Avon Grove School District Chester County, Pennsylvania Interest Rate Management Plan

In accordance with the requirements of the Local Government Unit Debt Act, 53 Pa. C.S. Chs 80-82 ("Debt Act") this document constitutes the Interest Rate Management Plan (the "Plan") of the Avon Grove School District, Chester County, Pennsylvania (the "District"). This Plan has been prepared by PFM Swap Advisors LLC (the "Swap Advisor"), a firm which satisfies the requirements for an "independent financial advisor" as that phrase is defined in the Debt Act.

Overview of Transaction

On November 15, 2018, the District incurred up to \$139,000,000 of General Obligation Bonds (the "Bonds") by approving a parameters forward bond sale resolution (the "Bond Resolution"), establishing the maximum aggregate and annual principal payments and interest rates. The Bond Resolution authorizes the future issuance of the Bonds, in one or more series, to finance the District's various future capital projects. As part of its overall financing program, the District is currently planning on issuing bonds in December of 2018, June of 2020 (the "2020 Bonds"), June of 2021 (the "2021 Bonds"), and Spring of 2022.

The District intends to execute two cash settled forward interest rate swaps designed to manage interest rate risk and cost, which satisfies the requirements of the Debt Act, and is intended to hedge interest rates on the future issuance of the 2020 Bonds and 2021 Bonds. The first swap (the "2020 Swap") is intended to hedge interest rates on a \$20,000,000 portion of the 2020 Bonds. The second swap (the "2021 Swap") is intended to hedge interest rates on a \$20,000,000 portion of the 2021 Bonds. (Collectively, the 2020 Swap and 2021 Swap will be referred to as the "Swaps"). The Swaps will have a combined notional amount of \$40,000,000. The District intends to execute the Swaps with the Royal Bank of Canada (the "Counterparty").

The Swaps each have a mandatory early termination on their respective effective dates and therefore there will be no exchange of periodic scheduled payments between the District and the Counterparty. The only payment to be made will be a termination payment either being made by the District or the Counterparty on the date of the termination. The hedging concept of the Swaps is that if future swap rates are higher than the executed swap rate, the District would receive a termination payment from the Counterparty and use that receipt to reduce the amount of the bonds needed to be issued, thereby helping to offset the higher bond rates. If future swap rates are lower than the executed swap rate, the District would make a termination payment to the Counterparty from District cash that was previously intended for the project, or by issuing a non-Debt Act financing, and then issue bonds in a lower interest rate environment. The actual results of the hedge will be determined by prevailing market conditions and will be subject to the risks as further described in Schedule 5A, including basis risk, and could be impacted by unforeseen events that would alter the expected outcome.

The 2020 Swap has a beginning notional amount of \$20,000,000 and is structured to correspond with the amortization of a portion of the 2020 Bonds. The 2020 Swap will have a mandatory termination on its effective date, which is June 1, 2020. The terms of the 2020 Swap are such that the District is the payer of a fixed rate of [to be determined at time of final pricing]%, and the Counterparty is the payer of variable rates equal to 80% of 3-Month USD-LIBOR.

The 2021 Swap has a beginning notional amount of \$20,000,000 and is structured to correspond with the amortization of a portion of the 2021 Bonds. The 2021 Swap will have a mandatory termination on its effective date, which is June 1, 2021. The terms of the 2021 Swap are such that the District is the payer of a fixed rate of [to be determined at time of final pricing]%, and the Counterparty is the payer of variable rates equal to 80% of 3-Month USD-LIBOR.

Under the terms of the Swaps, the District can decide to terminate the Swaps, at the then market value, at any time prior to the effective dates. The Counterparty would have the right to terminate the Swaps, at the then market value, if the District's long-term debt credit rating were to decline to BBB+ or below. The District is currently rated AA by Standard & Poor's.

November 15, 2018 Board Meeting

The Swaps will be procured via a private sale by negotiation with the Counterparty, which the District has determined to be in its best interests. The credit ratings of the Counterparty are currently Aa2/AA-/AA by Moody's, S&P, and Fitch, respectively, which exceed the requirements of the Debt Act. The Swap Advisor will review the financial terms and conditions of the Swaps.

I. Debt Outstanding

As of November 1, 2018, the District had total issued debt outstanding of \$14,940,000. Including the \$139,000,000 incurred but as yet unissued Bonds, the incurred debt outstanding is \$153,940,000. A schedule of outstanding debt and estimated annual debt service is shown in Schedule 1. The District has no outstanding variable rate debt.

II. Swaps Outstanding

The District does not currently have any swaps outstanding (which in the Debt Act are referred to as qualified interest rate management agreements).

III. Swap Fees Paid or Payable

The amounts of all consulting, advisory, brokerage or similar fees disclosed to the Swap Advisor payable directly by the District, the Counterparty or any other party in connection with the Swaps are listed on Schedule 3.

IV. Periodic Scheduled Payments

The Swaps each have a mandatory termination on their respective effective dates of June 1, 2020 and June 1, 2021 and therefore there are no periodic scheduled payments.

V. Risk Analysis

Schedule 5A contains a summary of the risks inherent to the Swaps.

Illustrations of various scenarios for termination are shown in Schedule 5B.

Schedules of estimated and maximum net payments of debt service on the Bonds and periodic scheduled net payments on the Swaps are shown in Schedules 5C, 5D, 5E and 5F.

VI. Monitoring of Swap

The Debt Act requires the District to monitor risks and market (termination) values associated with the Swaps. The District Administration has stated that a valuation of all interest rate swap agreements entered into by the District will be prepared by or on behalf of the District and provided to the Business Administrator at least on an annual basis.

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Schedule 1

Current Estimated Debt Service
Outstanding Debt

Debt Service Requirements										
1	2	3	4	5	6	7	8	9	10	11
Fiscal Year Ended	G.O. Bonds Series of 2012	G.O. Bonds Series A of 2012	G.O. Bonds Series of 2014	G.O. Bonds Series of 2015	Sub-Total Issued Debt Service	G.O. Bonds Series of 2018	Unissued - Estimated			Total Debt Service
							G.O. Bonds Series of 2020	G.O. Bonds Series of 2021	G.O. Bonds Series of 2022	
6/30/2019	229,500	710,040	1,576,850	753,600	3,269,990	697,296				3,967,286
6/30/2020	220,350	713,290	1,571,400	761,300	3,266,340	1,678,454				4,944,794
6/30/2021	226,150	711,290	1,575,950	762,700	3,276,090	1,678,336	1,152,071			6,106,497
6/30/2022	231,750	714,040	782,750	759,050	2,487,590	2,354,650	1,205,288	1,150,504		7,198,030
6/30/2023	227,250	716,490			943,740	3,680,200	1,205,141	1,203,641	2,786,865	9,819,587
6/30/2024		713,368			713,368	3,891,431	1,204,968	1,203,468	2,782,573	9,795,806
6/30/2025		709,554			709,554	3,894,244	1,204,789	1,203,289	2,784,825	9,796,700
6/30/2026		709,975			709,975	3,890,000	1,204,628	1,203,128	2,789,195	9,796,826
6/30/2027		714,503			714,503	3,888,000	1,204,460	1,202,960	2,780,975	9,790,898
6/30/2028		713,284			713,284	3,888,000	1,204,288	1,202,788	2,787,250	9,795,609
6/30/2029						4,600,250	1,204,100	1,202,600	2,791,000	9,797,950
6/30/2030						4,601,125	1,203,875	1,202,375	2,789,750	9,797,125
6/30/2031						4,602,500	1,203,625	1,202,125	2,789,875	9,798,125
6/30/2032						4,603,875	1,203,375	1,201,875	2,786,250	9,795,375
6/30/2033						4,604,750	1,203,125	1,201,625	2,788,625	9,798,125
6/30/2034						2,152,500	1,441,750	3,297,625	2,903,750	9,795,625
6/30/2035							3,593,750	3,302,000	2,901,375	9,797,125
6/30/2036							3,597,000	3,300,625	2,899,125	9,796,750
6/30/2037							3,593,750	3,303,250	2,901,625	9,798,625
6/30/2038							3,593,750	3,304,500	2,898,625	9,796,875
6/30/2039							3,596,500	3,299,250	2,899,875	9,795,625
6/30/2040							3,596,625	3,302,125	2,900,000	9,798,750
6/30/2041							3,593,875	3,302,625	2,898,750	9,795,250
6/30/2042							3,597,750	3,300,500	2,900,750	9,799,000
6/30/2043										
6/30/2044										
6/30/2045										
Totals	1,135,000	7,125,833	5,506,950	3,036,650	16,804,433	54,705,611	45,808,480	44,092,876	56,761,057	218,172,466
Principal *	1,080,000	6,400,000	5,280,000	2,180,000	14,940,000	37,325,000	24,025,000	23,990,000	35,660,000	135,940,000

*Par Outstanding for Issued Debt as of November 1, 2018.

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Schedule 2

Other Outstanding Qualified Interest Rate Management Agreements

The District does not currently have any swaps outstanding (which in the Debt Act are referred to as qualified interest rate management agreements).

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Schedule 3

Summary of Fees Paid in connection with the execution of Swaps

In connection with the execution of the Swaps, the District will pay estimated fees as shown below. As directed by the District, the Counterparty will make an upfront payment to the District that the District will then use to pay the fees of the Swap Advisor, Financial Advisor, and Swap Legal Counsel. This payment and the Counterparty spread will be added into the executed swap rate.

The Swap Advisor is not aware of any other fees payable by the District or the Counterparty related to the execution of the Swaps. The Issuer may contract for services related to GASB reporting, valuations or future updates to the Plan.

Firm	Role	2020 Swap		2021 Swap		Total
		PV of 0.01% is \$26,736		PV of 0.01% is \$24,410		PV of 0.01% is \$51,146
		\$	%	\$	%	\$
Royal Bank of Canada	Swap Counterparty*	\$147,048	0.055%	\$134,255	0.055%	\$281,303
PFM Swap Advisors LLC	Swap Advisor**	\$35,000	0.013%	\$35,000	0.014%	\$70,000
PFM Financial Advisors LLC	Financial Advisor	\$15,000	0.006%	\$15,000	0.006%	\$30,000
Kegel Kellin Almy & Lord	Legal Counsel	\$13,000	0.005%	\$13,000	0.005%	\$26,000
Total		\$210,048	0.079%	\$197,255	0.081%	\$407,303

*The final Counterparty spread above the mid-market swap rate will be determined prior to pricing and will not exceed 5.50 basis points. In the example above, the 2020 Swap has a present value of 1 basis point (0.01%) of approximately \$26,736 therefore the not-to-exceed Counterparty spread of 5.50 basis points equates to \$147,048 for the 2020 Swap.

**Swap Advisor fee includes monthly valuations on SwapViewer website.

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Schedule 4

Estimated and Maximum Periodic Scheduled Payments

The Swaps each have a mandatory termination on their respective effective dates of June 1, 2020 and June 1, 2021 and therefore there are no periodic scheduled payments.

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Schedule 5A

Risk Summary on the Swaps

Termination Risk

Risk that the District must terminate the swap(s) when swap rates are lower than the executed swap rate and must pay the Counterparty to terminate the swap(s). See Schedule 5B for Illustration of Termination Values. For the District, if a termination payment is owed to the Counterparty, it would need to be funded by District cash or by a non-Debt Act financing.

The Counterparty would have the right to terminate the Swaps, at the then market value, if the District's long-term credit rating were to decline to BBB+ or below. The District is currently rated AA by Standard & Poor's.

Note: Swap market values are required to be represented in the District's annual audited financial statements.

Basis Risk

Risk that there is a mismatch and/or disruption in the correlation between LIBOR swap rates and termination values, versus the long-term, tax-exempt bond interest rates that the District can issue.*

*In the case of the Swaps, the basis risk would be that long-term tax-exempt municipal bond rates that the District would issue on the Bonds could increase relative to LIBOR swap rates. For instance, bond rates increase and LIBOR swap rates stay the same or decline, causing a termination payment to be owed by the District at a time when the District's bond rates have increased.

Tax Risk

A form of basis risk -- risk of higher tax-exempt rates due to tax law changes that lower the taxation rate(s) on interest income, thereby reducing the value of tax-exempt interest.*

Counterparty Risk

Risk that the Counterparty cannot make a termination payment that may be due to the District. The Counterparty is rated Aa2/AA-/AA from Moody's, S&P, and Fitch respectively.

Market Access Risk

Risk that unforeseen market conditions or disruptions could prevent the District from accessing the fixed rate bond market and/or securing acceptable financing terms.

Legislative and Policy/Project Risk

Risk that future Pennsylvania legislation impacts the District's ability to issue General Obligation Bonds for the project, amends legislation that impacts pre-existing swaps or the ability of the District to undertake the project identified for the Bonds. Also includes the risk that future District Boards cancel or reduce the scope of such project.

Schedule 5B

Illustration of Termination Values

As discussed with the District:

- If swap rates move lower than the executed swap rate, the District would pay a termination payment to the Counterparty from District cash or from a non-Debt Act financing, and issue more bonds at lower bond rates (subject to basis risk between swap and bond rates).
- If swap rates move higher than the executed swap rate, the District would receive a termination payment from the Counterparty and reduce the borrowing amount to hedge the increased bond rates (subject to basis risk between swap and bond rates).

The tables below show the indicative swap termination amounts of the Swaps as of the effective dates with various changes in swap rates then prevailing versus the executed contract swap rates. For indication purposes only.

2020 Swap		TERMINATION AMOUNT						
		(Red)=District Pays, Black=District Receives						
		Change In Swap Rates						
Termination Date	Swap Notional	-1.50%	-1.00%	-0.50%	0.00%	+0.50%	+1.00%	+1.50%
6/1/2020	\$20,000,000	(\$5,287,778)	(\$3,449,652)	(\$1,799,682)	(\$317,251)*	\$1,016,183	\$2,216,584	\$3,298,382

2021 Swap		TERMINATION AMOUNT						
		(Red)=District Pays, Black=District Receives						
		Change In Swap Rates						
Termination Date	Swap Notional	-1.50%	-1.00%	-0.50%	0.00%	+0.50%	+1.00%	+1.50%
6/1/2021	\$20,000,000	(\$4,959,571)	(\$3,259,179)	(\$1,722,419)	(\$332,261)*	\$926,320	\$2,066,914	\$3,101,506

* At 0% Change in Swap Rates, the termination amount is negative due to the following items that were incurred at the time of swap pricing and included in the executed swap rate: forward premium (for locking-in a future rate vs. a spot current starting rate), Counterparty spread, and professional fees.

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Schedule 5C

The 2020 Bonds and 2020 Swap
Estimated Bond Payments and Periodic Scheduled Payments on the 2020 Swap

FYE	Principal Date	2020 Bonds		2020 Swap Notional	Est. Bonds Interest	Est. Bonds Debt Service	Swap Periodic Scheduled Payments*	Estimated Total
		Est. Principal	Est. Coupon					
6/30/2021	11/15/2020	5,000	2.750%	-	1,147,070.92	1,152,070.92	-	1,152,070.92
6/30/2022	11/15/2021	5,000	2.850%	-	1,200,286.25	1,205,286.25	-	1,205,286.25
6/30/2023	11/15/2022	5,000	2.950%	-	1,200,141.25	1,205,141.25	-	1,205,141.25
6/30/2024	11/15/2023	5,000	4.000%	-	1,199,967.50	1,204,967.50	-	1,204,967.50
6/30/2025	11/15/2024	5,000	3.150%	-	1,199,788.75	1,204,788.75	-	1,204,788.75
6/30/2026	11/15/2025	5,000	3.300%	-	1,199,627.50	1,204,627.50	-	1,204,627.50
6/30/2027	11/15/2026	5,000	3.400%	-	1,199,460.00	1,204,460.00	-	1,204,460.00
6/30/2028	11/15/2027	5,000	3.500%	-	1,199,287.50	1,204,287.50	-	1,204,287.50
6/30/2029	11/15/2028	5,000	4.000%	-	1,199,100.00	1,204,100.00	-	1,204,100.00
6/30/2030	11/15/2029	5,000	5.000%	-	1,198,875.00	1,203,875.00	-	1,203,875.00
6/30/2031	11/15/2030	5,000	5.000%	-	1,198,625.00	1,203,625.00	-	1,203,625.00
6/30/2032	11/15/2031	5,000	5.000%	-	1,198,375.00	1,203,375.00	-	1,203,375.00
6/30/2033	11/15/2032	5,000	5.000%	-	1,198,125.00	1,203,125.00	-	1,203,125.00
6/30/2034	11/15/2033	250,000	5.000%	210,000	1,191,750.00	1,441,750.00	-	1,441,750.00
6/30/2035	11/15/2034	2,470,000	5.000%	2,065,000	1,123,750.00	3,593,750.00	-	3,593,750.00
6/30/2036	11/15/2035	2,600,000	5.000%	2,170,000	997,000.00	3,597,000.00	-	3,597,000.00
6/30/2037	11/15/2036	2,730,000	5.000%	2,280,000	863,750.00	3,593,750.00	-	3,593,750.00
6/30/2038	11/15/2037	2,870,000	5.000%	2,395,000	723,750.00	3,593,750.00	-	3,593,750.00
6/30/2039	11/15/2038	3,020,000	5.000%	2,520,000	576,500.00	3,596,500.00	-	3,596,500.00
6/30/2040	11/15/2039	3,175,000	5.000%	2,650,000	421,625.00	3,596,625.00	-	3,596,625.00
6/30/2041	11/15/2040	3,335,000	5.000%	2,785,000	258,875.00	3,593,875.00	-	3,593,875.00
6/30/2042	11/15/2041	3,510,000	5.000%	2,925,000	87,750.00	3,597,750.00	-	3,597,750.00
		24,025,000		20,000,000	21,783,479.67	45,808,479.67	-	45,808,479.67

*The 2020 Swap has a mandatory termination on the effective date of June 1, 2020 and therefore there are no periodic scheduled payments.

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Schedule 5D

**The 2020 Bonds and 2020 Swap
Maximum Bond Payments and Periodic Scheduled Payments on the 2020 Swap**

FYE	Principal Date	2020 Bonds		2020 Swap Notional	Max Bonds Interest	Max Bonds Debt Service	Swap Periodic Scheduled Payments*	Maximum Total
		Est. Principal	Max Coupon					
6/30/2021	11/15/2020	5,000	6.000%	-	1,377,283.33	1,382,283.33	-	1,382,283.33
6/30/2022	11/15/2021	5,000	6.000%	-	1,441,050.00	1,446,050.00	-	1,446,050.00
6/30/2023	11/15/2022	5,000	6.000%	-	1,440,750.00	1,445,750.00	-	1,445,750.00
6/30/2024	11/15/2023	5,000	6.000%	-	1,440,450.00	1,445,450.00	-	1,445,450.00
6/30/2025	11/15/2024	5,000	6.000%	-	1,440,150.00	1,445,150.00	-	1,445,150.00
6/30/2026	11/15/2025	5,000	6.000%	-	1,439,850.00	1,444,850.00	-	1,444,850.00
6/30/2027	11/15/2026	5,000	6.000%	-	1,439,550.00	1,444,550.00	-	1,444,550.00
6/30/2028	11/15/2027	5,000	6.000%	-	1,439,250.00	1,444,250.00	-	1,444,250.00
6/30/2029	11/15/2028	5,000	6.000%	-	1,438,950.00	1,443,950.00	-	1,443,950.00
6/30/2030	11/15/2029	5,000	6.000%	-	1,438,650.00	1,443,650.00	-	1,443,650.00
6/30/2031	11/15/2030	5,000	6.000%	-	1,438,350.00	1,443,350.00	-	1,443,350.00
6/30/2032	11/15/2031	5,000	6.000%	-	1,438,050.00	1,443,050.00	-	1,443,050.00
6/30/2033	11/15/2032	5,000	6.000%	-	1,437,750.00	1,442,750.00	-	1,442,750.00
6/30/2034	11/15/2033	250,000	6.000%	210,000	1,430,100.00	1,680,100.00	-	1,680,100.00
6/30/2035	11/15/2034	2,470,000	6.000%	2,065,000	1,348,500.00	3,818,500.00	-	3,818,500.00
6/30/2036	11/15/2035	2,600,000	6.000%	2,170,000	1,196,400.00	3,796,400.00	-	3,796,400.00
6/30/2037	11/15/2036	2,730,000	6.000%	2,280,000	1,036,500.00	3,766,500.00	-	3,766,500.00
6/30/2038	11/15/2037	2,870,000	6.000%	2,395,000	868,500.00	3,738,500.00	-	3,738,500.00
6/30/2039	11/15/2038	3,020,000	6.000%	2,520,000	691,800.00	3,711,800.00	-	3,711,800.00
6/30/2040	11/15/2039	3,175,000	6.000%	2,650,000	505,950.00	3,680,950.00	-	3,680,950.00
6/30/2041	11/15/2040	3,335,000	6.000%	2,785,000	310,650.00	3,645,650.00	-	3,645,650.00
6/30/2042	11/15/2041	3,510,000	6.000%	2,925,000	105,300.00	3,615,300.00	-	3,615,300.00
		24,025,000		20,000,000	26,143,783.33	50,168,783.33	-	50,168,783.33

*The 2020 Swap has a mandatory termination on the effective date of June 1, 2020 and therefore there are no periodic scheduled payments.

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Schedule 5E

The 2021 Bonds and 2021 Swap
Estimated Bond Payments and Periodic Scheduled Payments on the 2021 Swap

FYE	Principal Date	2021 Bonds		2021 Swap Notional	Est. Bonds Interest	Est. Bonds Debt Service	Swap Periodic Scheduled Payments*	Estimated Total
		Est. Principal	Est. Coupon					
6/30/2022	11/15/2021	5,000	2.850%	-	1,145,503.69	1,150,503.69	-	1,150,503.69
6/30/2023	11/15/2022	5,000	2.950%	-	1,198,641.25	1,203,641.25	-	1,203,641.25
6/30/2024	11/15/2023	5,000	4.000%	-	1,198,467.50	1,203,467.50	-	1,203,467.50
6/30/2025	11/15/2024	5,000	3.150%	-	1,198,288.75	1,203,288.75	-	1,203,288.75
6/30/2026	11/15/2025	5,000	3.300%	-	1,198,127.50	1,203,127.50	-	1,203,127.50
6/30/2027	11/15/2026	5,000	3.400%	-	1,197,960.00	1,202,960.00	-	1,202,960.00
6/30/2028	11/15/2027	5,000	3.500%	-	1,197,787.50	1,202,787.50	-	1,202,787.50
6/30/2029	11/15/2028	5,000	4.000%	-	1,197,600.00	1,202,600.00	-	1,202,600.00
6/30/2030	11/15/2029	5,000	5.000%	-	1,197,375.00	1,202,375.00	-	1,202,375.00
6/30/2031	11/15/2030	5,000	5.000%	-	1,197,125.00	1,202,125.00	-	1,202,125.00
6/30/2032	11/15/2031	5,000	5.000%	-	1,196,875.00	1,201,875.00	-	1,201,875.00
6/30/2033	11/15/2032	5,000	5.000%	-	1,196,625.00	1,201,625.00	-	1,201,625.00
6/30/2034	11/15/2033	2,155,000	5.000%	1,800,000	1,142,625.00	3,297,625.00	-	3,297,625.00
6/30/2035	11/15/2034	2,270,000	5.000%	1,900,000	1,032,000.00	3,302,000.00	-	3,302,000.00
6/30/2036	11/15/2035	2,385,000	5.000%	1,995,000	915,625.00	3,300,625.00	-	3,300,625.00
6/30/2037	11/15/2036	2,510,000	5.000%	2,100,000	793,250.00	3,303,250.00	-	3,303,250.00
6/30/2038	11/15/2037	2,640,000	5.000%	2,205,000	664,500.00	3,304,500.00	-	3,304,500.00
6/30/2039	11/15/2038	2,770,000	5.000%	2,315,000	529,250.00	3,299,250.00	-	3,299,250.00
6/30/2040	11/15/2039	2,915,000	5.000%	2,435,000	387,125.00	3,302,125.00	-	3,302,125.00
6/30/2041	11/15/2040	3,065,000	5.000%	2,560,000	237,625.00	3,302,625.00	-	3,302,625.00
6/30/2042	11/15/2041	3,220,000	5.000%	2,690,000	80,500.00	3,300,500.00	-	3,300,500.00
		23,990,000		20,000,000	20,102,876.19	44,092,876.19		44,092,876.19

*The 2021 Swap has a mandatory termination on the effective date of June 1, 2021 and therefore there are no periodic scheduled payments.

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Schedule 5F

**The 2021 Bonds and 2021 Swap
Maximum Bond Payments and Periodic Scheduled Payments on the 2021 Swap**

FYE	Principal Date	2021 Bonds		2021 Swap Notional	Max Bonds Interest	Max Bonds Debt Service	Swap Periodic Scheduled Payments*	Maximum Total
		Est. Principal	Max Coupon					
6/30/2022	11/15/2021	5,000	6.000%	-	1,375,276.67	1,380,276.67	-	1,380,276.67
6/30/2023	11/15/2022	5,000	6.000%	-	1,438,950.00	1,443,950.00	-	1,443,950.00
6/30/2024	11/15/2023	5,000	6.000%	-	1,438,650.00	1,443,650.00	-	1,443,650.00
6/30/2025	11/15/2024	5,000	6.000%	-	1,438,350.00	1,443,350.00	-	1,443,350.00
6/30/2026	11/15/2025	5,000	6.000%	-	1,438,050.00	1,443,050.00	-	1,443,050.00
6/30/2027	11/15/2026	5,000	6.000%	-	1,437,750.00	1,442,750.00	-	1,442,750.00
6/30/2028	11/15/2027	5,000	6.000%	-	1,437,450.00	1,442,450.00	-	1,442,450.00
6/30/2029	11/15/2028	5,000	6.000%	-	1,437,150.00	1,442,150.00	-	1,442,150.00
6/30/2030	11/15/2029	5,000	6.000%	-	1,436,850.00	1,441,850.00	-	1,441,850.00
6/30/2031	11/15/2030	5,000	6.000%	-	1,436,550.00	1,441,550.00	-	1,441,550.00
6/30/2032	11/15/2031	5,000	6.000%	-	1,436,250.00	1,441,250.00	-	1,441,250.00
6/30/2033	11/15/2032	5,000	6.000%	-	1,435,950.00	1,440,950.00	-	1,440,950.00
6/30/2034	11/15/2033	2,155,000	6.000%	1,800,000	1,371,150.00	3,526,150.00	-	3,526,150.00
6/30/2035	11/15/2034	2,270,000	6.000%	1,900,000	1,238,400.00	3,508,400.00	-	3,508,400.00
6/30/2036	11/15/2035	2,385,000	6.000%	1,995,000	1,098,750.00	3,483,750.00	-	3,483,750.00
6/30/2037	11/15/2036	2,510,000	6.000%	2,100,000	951,900.00	3,461,900.00	-	3,461,900.00
6/30/2038	11/15/2037	2,640,000	6.000%	2,205,000	797,400.00	3,437,400.00	-	3,437,400.00
6/30/2039	11/15/2038	2,770,000	6.000%	2,315,000	635,100.00	3,405,100.00	-	3,405,100.00
6/30/2040	11/15/2039	2,915,000	6.000%	2,435,000	464,550.00	3,379,550.00	-	3,379,550.00
6/30/2041	11/15/2040	3,065,000	6.000%	2,560,000	285,150.00	3,350,150.00	-	3,350,150.00
6/30/2042	11/15/2041	3,220,000	6.000%	2,690,000	96,600.00	3,316,600.00	-	3,316,600.00
		23,990,000		20,000,000	24,126,226.67	48,116,226.67		48,116,226.67

*The 2021 Swap has a mandatory termination on the effective date of June 1, 2021 and therefore there are no periodic scheduled payments.

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Swap Agreement (Master Agreement, Schedule, 2020 Confirmation and 2021 Confirmation)

(Multicurrency — Cross Border)



International Swap Dealers Association, Inc.

MASTER AGREEMENT

dated as of _____ [], 2018

Royal Bank of Canada

and

Avon Grove School District

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows: —

1. Interpretation

- (a) **Definitions.** The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

- (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
- (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.
- (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting.** If on any date amounts would otherwise be payable:—

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax.**

(i) **Gross-Up.** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:—

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
- (4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) **Liability.** If: —

- (1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);
- (2) X does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(e) **Default Interest; Other Amounts.** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement) that:—

(a) **Basic Representations.**

- (i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;
- (ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;
- (iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

4. **Agreements**

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:—

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated,

organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party:

5. Events of Default and Termination Events

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement.** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) **Misrepresentation.** A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default.** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however

described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party: —

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer: —

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event

Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below: —

(i) **Illegality.** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party): —

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) **Tax Event.** Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iii) **Tax Event Upon Merger.** The party (the "Burdened Party") on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);

(iv) **Credit Event Upon Merger.** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(v) **Additional Termination Event.** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Event of Default and Illegality.** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. Early Termination

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) ***Transfer to Avoid Termination Event.*** If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) ***Two Affected Parties.*** If an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iv) ***Right to Terminate.*** If: —

(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then

continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) ***Calculations.***

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) ***Payment Date.*** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default: —

(1) ***First Method and Market Quotation.*** If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) ***First Method and Loss.*** If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) ***Second Method and Market Quotation.*** If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the

Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) *Second Method and Loss.* If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) *Termination Events.* If the Early Termination Date results from a Termination Event: —

(1) *One Affected Party.* If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties.* If there are two Affected Parties: —

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) *Adjustment for Bankruptcy.* In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) *Pre-Estimate.* The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. Transfer

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that: —

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void.

8. Contractual Currency

(a) *Payment in the Contractual Currency.* Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) *Judgments.* To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) *Separate Indemnities.* To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) *Evidence of Loss.* For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) *Entire Agreement.* This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) *Amendments.* No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) *Survival of Obligations.* Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Counterparts and Confirmations.**

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.

(b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.

(c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

11. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document

to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) *Effectiveness.* Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:—

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) *Change of Addresses.* Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) *Governing Law.* This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) *Jurisdiction.* With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:—

- (i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) *Service of Process.* Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any

reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) *Waiver of Immunities.* Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:—

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Applicable Rate" means:—

- (a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;
- (b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;
- (c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and
- (d) in all other cases, the Termination Rate.

"Burdened Party" has the meaning specified in Section 5(b).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and **"lawful"** and **"unlawful"** will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have

been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of: —

- (a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and
- (b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meanings specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support

Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"Termination Currency" has the meaning specified in the Schedule.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market

value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

Royal Bank of Canada

Avon Grove School District

By: _____

Name:

Title:

Date:

By: _____

Name:

Title:

Date:

ISDA
International Swaps and Derivatives Association, Inc.

SCHEDULE
to the
1992 Master Agreement

dated as of November [], 2018

between

Royal Bank of Canada
("Party A")

and

Avon Grove School District
("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 Issuer Credit Rating is at any time rated below A- by Standard & Poor's Financial Services LLC ("S&P" 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 A- by S&P; or

(C) at any time, the Issuer Credit Rating of Party A or the long-term unsecured, unsubordinated debt of Party B ceases to be rated by the Rating Agency 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
Party A	with respect to any payments described in Part 2(b)(i)(B) of this Schedule, a U.S. Internal Revenue Service Form W-8ECI (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
Party A	with respect to any payments described in Part 2(b)(i)(C) of this Schedule, a U.S. Internal Revenue Service Form W-8BEN-E (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
Party 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:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) representation
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 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 to this Agreement.

Royal Bank of Canada

Avon Grove School District

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____



RBC Capital Markets[®]

DRAFT: November 7, 2018 (Preliminary, subject to change, and final legal and credit approval.)

Short form Confirmation requires an executed ISDA.

Email [TBD]

[DD MMM YYYY]

**AVON GROVE SCHOOL DISTRICT
375 SOUTH JENNERVILLE ROAD
WEST GROVE, PA
USA, 19390**

Re: **SWAP Transaction MATURING 15 Nov 2041**

(Our Ref. No. []/[])

(RBC USI - [TBD])

Dear Sir or Madam:

The purpose of this letter is to set forth the terms and conditions of the Transactions entered into between us on the Trade Date specified below (the Transaction). This letter constitutes a Confirmation as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of [DD MMM YYYY], as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:-

Notional Amount: **USD 20,000,000.00 (see Schedule A attached)**

Trade Date: 24 May 2018 [TBD]

Effective Date: 01 Jun 2020

Termination Date: 15 Nov 2041

Fixed Amounts:

Fixed Notional Amount: USD 20,000,000.00 (see Schedule A attached)

Fixed Rate Payer: AVON GROVE SCHOOL DISTRICT ("Party B")

Fixed Rate Payer Payment Dates: QUARTERLY commencing on 15 Aug 2020 subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.

Fixed Rate: 2.68600 [TBD] percent

Fixed Rate Day Count Fraction: 30/360

Business Day: New York

Fee: Not applicable.

Floating Amounts:

Floating Notional Amount: USD 20,000,000.00 (see Schedule A attached)

Floating Rate Payer: ROYAL BANK OF CANADA ("Party A")

Spread: 0.00000 percent

Floating Rate Payer Payment Dates: QUARTERLY commencing on 15 Aug 2020 subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.

Floating Rate for initial Calculation Period: To be determined

Floating Rate Option: USD-LIBOR-BBA * 80.00000%

Designated Maturity: 3MONTH

Floating Rate Day Count Fraction: Actual/360

Reset Dates: The first day of each Calculation Period

Business Day (for Payments):	New York
Business Day (for Rate Resets):	London
Compounding:	Not applicable.
Fee:	Not applicable.

DRAFT

3. Account Details

Payments to	ROYAL BANK OF CANADA	CHASUS33 JPMORGAN CHASE BANK N.A. NEW YORK USA Account #: 001-1-153004 ROYCCAT3IMM
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Payments to	AVON GROVE SCHOOL DISTRICT	Please Advise
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4. Offices:

(a) The Office of **AVON GROVE SCHOOL DISTRICT** for the Transaction is **[WEST GROVE]**

(b) The Office of **ROYAL BANK OF CANADA** for the Transaction is **TORONTO**

5. Mandatory Early Termination

1. Early Termination:

Mandatory Early Termination: Applicable

2. Settlement Terms:

Mandatory Early Termination Date: **01 Jun 2020**

Business Day Convention for
Mandatory Early Termination Date: Following

Cash Settlement Valuation Time: 11:00 a.m. New York time

Cash Settlement Valuation Date: Two (2) Business Days before the Mandatory Early Termination Date

Valuation Business Days: New York and London

Cash Settlement Method: Collateralized Cash Price

Cash Settlement Currency: USD

Cash Settlement Reference Banks: As defined in the Definitions

Quotation Rate: Mid

Additional Provision: Notwithstanding anything to the contrary in this Confirmation (including, but not limited to, the 2006 ISDA Definitions), the parties agree that any transaction costs or loss incurred by Party A, acting in good faith and in a commercially reasonable manner, shall be taken into account in calculating the Cash Settlement Amount.

6. Other

(a) RELATED BONDS

For purposes of this Transaction "Related Bonds" shall mean **Party B's General Obligation Bonds, Series of 2020** [PLEASE ADVISE FORMAL BOND SERIES NAME].

(b) MAXIMUM INTEREST RATE

The maximum net scheduled payments by fiscal year by Party B pursuant to this Transaction will not exceed ~~2.68600~~[TBD]% for periodic scheduled payments pursuant to this Transaction, not including any termination payments.

(c) FEE PAYMENT TO PARTY B

At the direction of Party B, Party A has agreed to make a one-time Fee Payment to Party B as specified in Part 2 of this Confirmation. That Fee Payment is reflected in, and has increased, the Fixed Rate payable by Party B hereunder.

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing Transaction to which this Confirmation relates and which indicates your agreement to those terms.

Royal Bank of Canada confirms, and **AVON GROVE SCHOOL DISTRICT** acknowledges, that this Confirmation has been executed by Royal Bank of Canada by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that such Confirmation shall be deemed to have been signed by Royal Bank of Canada for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Confirmation, each party expressly waives any right to raise any defense or waiver of liability based upon the execution of this Confirmation by Royal Bank of Canada by means of an electronically-produced signature.

Telephone No.: **416-842-4578**

Facsimile No : **416-842-4902**

Email : **fidoconfirmations@rbc.com**

Yours sincerely,

Confirmed as of the date first written:

For and on behalf of

For and on behalf of

ROYAL BANK OF CANADA

AVON GROVE SCHOOL DISTRICT

[SIGNATURE1]

By: _____

Authorized signature

AVON GROVE SCHOOL DISTRICT pays USD Fixed to ROYAL BANK OF CANADA

(Our Ref. No. 3405062 xxxxxxx / xxxxxxx3688946)

[Cash flows to be system generated.]

From	To	Notional	Amort
06/01/20	11/15/33	20,000,000	210,000
11/15/33	11/15/34	19,790,000	2,065,000
11/15/34	11/15/35	17,725,000	2,170,000
11/15/35	11/15/36	15,555,000	2,280,000
11/15/36	11/15/37	13,275,000	2,395,000
11/15/37	11/15/38	10,880,000	2,520,000
11/15/38	11/15/39	8,360,000	2,650,000
11/15/39	11/15/40	5,710,000	2,785,000
11/15/40	11/15/41	2,925,000	2,925,000

ROYAL BANK OF CANADA pays USD Float to USED FOR CREDITUSAGE/DEFERRAL
TESTING/SEE J.DULUDE/L.SNELL
(Our Ref. No. 3405062xxxxxxx / xxxxxxx3688946)

DRAFT



RBC Capital Markets[®]

DRAFT: November 7, 2018 (Preliminary, subject to change, and final legal and credit approval.)

Short form Confirmation requires an executed ISDA.

Email [TBD]

[DD MMM YYYY]

**AVON GROVE SCHOOL DISTRICT
375 SOUTH JENNERVILLE ROAD
WEST GROVE, PA
USA, 19390**

Re: **SWAP Transaction MATURING 15 Nov 2041**

(Our Ref. No. [] / [])

(RBC USI - [TBD])

Dear Sir or Madam:

The purpose of this letter is to set forth the terms and conditions of the Transactions entered into between us on the Trade Date specified below (the Transaction). This letter constitutes a Confirmation as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of [DD MMM YYYY], as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:-

Notional Amount: **USD 20,000,000.00 (see Schedule A attached)**

Trade Date: **~~24 May 2018~~ [TBD]**

Effective Date: **01 Jun 2021**

Termination Date: **15 Nov 2041**

Fixed Amounts:

Fixed Notional Amount: **USD 20,000,000.00 (see Schedule A attached)**

Fixed Rate Payer: **AVON GROVE SCHOOL DISTRICT ("Party B")**

Fixed Rate Payer Payment Dates: **QUARTERLY commencing on 15 Aug 2021 subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.**

Fixed Rate: **2.69100[TBD] percent**

Fixed Rate Day Count Fraction: **30/360**

Business Day: **New York**

Fee: **Not applicable.**

Floating Amounts:

Floating Notional Amount: **USD 20,000,000.00 (see Schedule A attached)**

Floating Rate Payer: **ROYAL BANK OF CANADA ("Party A")**

Spread: **0.00000 percent**

Floating Rate Payer Payment Dates: **QUARTERLY commencing on 15 Aug 2021 subject to adjustment in accordance with the Modified Following Business Day Convention and there will be no adjustment to the Calculation Period.**

Floating Rate for initial Calculation Period: **To be determined**

Floating Rate Option: **USD-LIBOR-BBA * 80.00000%**

Designated Maturity: **3MONTH**

Floating Rate Day Count Fraction: **Actual/360**

Reset Dates: **The first day of each Calculation Period**

Business Day (for Payments): **New York**

Business Day (for Rate Resets):	London
Compounding:	Not applicable.
Fee:	Not applicable.

DRAFT

3. Account Details

Payments to	ROYAL BANK OF CANADA	CHASUS33 JPMORGAN CHASE BANK N.A. NEW YORK USA Account #: 001-1-153004 ROYCCAT3IMM
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Payments to	AVON GROVE SCHOOL DISTRICT	Please Advise
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4. Offices:

(a) The Office of **AVON GROVE SCHOOL DISTRICT** for the Transaction is **{WEST GROVE}**

(b) The Office of **ROYAL BANK OF CANADA** for the Transaction is **TORONTO**

5. Mandatory Early Termination

1. Early Termination:

Mandatory Early Termination: Applicable

2. Settlement Terms:

Mandatory Early Termination Date: **01 Jun 2021**

Business Day Convention for
Mandatory Early Termination Date: Following

Cash Settlement Valuation Time: 11:00 a.m. New York time

Cash Settlement Valuation Date: Two (2) Business Days before the Mandatory Early Termination Date

Valuation Business Days: New York and London

Cash Settlement Method: Collateralized Cash Price

Cash Settlement Currency: USD

Cash Settlement Reference Banks: As defined in the Definitions

Quotation Rate: Mid

Additional Provision: Notwithstanding anything to the contrary in this Confirmation (including, but not limited to, the 2006 ISDA Definitions), the parties agree that any transaction costs or loss incurred by Party A, acting in good faith and in a commercially reasonable manner, shall be taken into account in calculating the Cash Settlement Amount.

6. Other

(a) RELATED BONDS

For purposes of this Transaction "Related Bonds" shall mean **Party B's General Obligation Bonds, Series of 2020** [PLEASE ADVISE FORMAL BOND SERIES NAME].

(b) MAXIMUM INTEREST RATE

The maximum net scheduled payments by fiscal year by Party B pursuant to this Transaction will not exceed ~~2.69400~~[TBD]% for periodic scheduled payments pursuant to this Transaction, not including any termination payments.

(c) FEE PAYMENT TO PARTY B

At the direction of Party B, Party A has agreed to make a one-time Fee Payment to Party B as specified in Part 2 of this Confirmation. That Fee Payment is reflected in, and has increased, the Fixed Rate payable by Party B hereunder.

This Confirmation may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case upon your confirmation in the manner prescribed hereunder, will be deemed for all purposes to be a legally binding transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing in the space provided below and returning same to us by facsimile transmission, or send to us within two (2) Business Days a letter by facsimile transmission or telex or electronic messaging system similar to this letter which sets forth the material terms of the foregoing Transaction to which this Confirmation relates and which indicates your agreement to those terms.

Royal Bank of Canada confirms, and **AVON GROVE SCHOOL DISTRICT** ~~USED FOR CREDIT USAGE/DEFERRAL TESTING/SEE J.DULUDE/L.SNELL~~ acknowledges, that this Confirmation has been executed by Royal Bank of Canada by means of a computer-based system and that such execution shall have the same legal effect as if a signature had been manually written on such Confirmation and that such Confirmation shall be deemed to have been signed by Royal Bank of Canada for the purposes of any statute or rule of law that requires such Confirmation to be signed. The parties acknowledge that in any legal proceedings between them respecting or in any way relating to this Confirmation, each party expressly waives any right to raise any defense or waiver of liability based upon the execution of this Confirmation by Royal Bank of Canada by means of an electronically-produced signature.

Telephone No.: **416-842-4578**

Facsimile No: **416-842-4902**

Email: **fidoconfirmations@rbc.com**

Yours sincerely,

Confirmed as of the date first written:

For and on behalf of

For and on behalf of

ROYAL BANK OF CANADA

AVON GROVE SCHOOL DISTRICT

[SIGNATURE1]

By: _____

Authorized signature

AVON GROVE SCHOOL DISTRICT pays USD Fixed to ROYAL BANK OF CANADA
 (Our Ref. No. ~~3405063~~XXXXXXXX / XXXXXXXX~~3688947~~)

[Cash flows to be system generated.]

From	To	Notional	Amort
06/01/21	11/15/33	20,000,000	1,800,000
11/15/33	11/15/34	18,200,000	1,900,000
11/15/34	11/15/35	16,300,000	1,995,000
11/15/35	11/15/36	14,305,000	2,100,000
11/15/36	11/15/37	12,205,000	2,205,000
11/15/37	11/15/38	10,000,000	2,315,000
11/15/38	11/15/39	7,685,000	2,435,000
11/15/39	11/15/40	5,250,000	2,560,000
11/15/40	11/15/41	2,690,000	2,690,000

ROYAL BANK OF CANADA pays USD Float to AVON GROVE SCHOOL DISTRICT
(Our Ref. No. ~~3405063~~XXXXXXX / XXXXXXX~~3688947~~)

DRAFT