

## CONSENT SOLICITATION STATEMENT



### LEHIGH COUNTY AUTHORITY

#### Solicitation of Consents Relating to

#### **Lehigh County Authority Water and Sewer Capital Appreciation Revenue Bonds (City of Allentown Concession), Series 2013B**

\$120,935,000 Aggregate Principal Amount at Maturity

\$74,589,364.01 Compound Accreted Value (as of Record Date)\*

#### CUSIP<sup>†</sup> Nos.

|           |           |           |
|-----------|-----------|-----------|
| 524803AK9 | 524803AL7 | 524803AM5 |
| 524803AN3 | 524803AP8 | 524803AQ6 |
| 524803AR4 | 524803AS2 | 524803AT0 |
| 524803AU7 | 524803AV5 | 524803AW3 |
| 524803AX1 | 524803AY9 |           |

#### **Lehigh County Authority Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2020 (Federally Taxable)**

\$161,035,000 Aggregate Principal Amount Outstanding

#### CUSIP Nos.

|           |           |           |
|-----------|-----------|-----------|
| 524803BA0 | 524803BB8 | 524803BC6 |
|-----------|-----------|-----------|

#### **Lehigh County Authority Water and Sewer Revenue Bond (City of Allentown Concession), Series A of 2020 (Federally Taxable)**

\$12,115,000 Principal Amount Outstanding

#### **Lehigh County Authority Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2024**

\$158,580,000 Aggregate Principal Amount Outstanding

#### CUSIP Nos.

|           |           |           |
|-----------|-----------|-----------|
| 524803BL6 | 524803BM4 | 524803BN2 |
| 524803BP7 | 524803BQ5 | 524803BR3 |
| 524803BS1 | 524803BT9 | 524803BU6 |
| 524803BV4 | 524803BW2 | 524803BX0 |
| 524803BY8 | 524803BZ5 | 524803CA9 |
| 524803CB7 | 524803CC5 | 524803CD3 |
| 524803CE1 | 524803CF8 | 524803CM3 |
|           | 524803CT8 |           |

**THE CONSENT SOLICITATION (AS DEFINED HEREIN) WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON OCTOBER 3, 2025, UNLESS EXTENDED OR EARLIER TERMINATED BY THE AUTHORITY IN ITS SOLE DISCRETION (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE “EXPIRATION DATE”). IN THE EVENT THAT THE REQUIRED CONSENTS (AS DEFINED HEREIN) ARE RECEIVED AND, AS DESCRIBED HEREIN, ALL OTHER CONDITIONS HAVE BEEN SATISFIED OR WAIVED BY THE AUTHORITY ON OR PRIOR TO THE EXPIRATION DATE, HOLDERS (AS DEFINED HEREIN) WILL BE ENTITLED TO RECEIVE THE CONSENT PAYMENT (AS DEFINED HEREIN) WITH RESPECT TO THEIR BONDS (AS DEFINED HEREIN) ONLY IF THEY VALIDLY DELIVER AN EFFECTIVE CONSENT (AS DEFINED HEREIN) ON OR BEFORE THE CONSENT EFFECTIVE TIME (AS DEFINED HEREIN). THIS CONSENT SOLICITATION SUPERSEDES ANY PREVIOUSLY POSTED VOLUNTARY NOTICE. CONSENTS ARE SOLICITED SOLELY BY THIS CONSENT SOLICITATION.**

Lehigh County Authority (the “**Authority**”), a body corporate and politic organized by the Board of County Commissioners of the County of Lehigh, Pennsylvania (the “**County**”) under the Municipality Authorities Act (53 Pa. C.S.A. Ch. 56) (the “**Act**”) of the Commonwealth of Pennsylvania (the “**Commonwealth**”), hereby solicits (the “**Consent Solicitation**”) consents (the “**Consents**”) from all beneficial owners (individually, a “**Holder**,” and collectively, the “**Holders**”) of its outstanding (1) Water and Sewer Capital Appreciation Revenue Bonds (City of Allentown Concession), Series 2013B (the “**2013B Bonds**”); (2) Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2020 (Federally Taxable) (the “**2020 Bonds**”); (3) Water and Sewer Revenue Bonds, (City of Allentown Concession), Series 2024 (the “**2024 Bonds**” and together with the 2020 Bonds, the “**Insured Bonds**”); and (4) Water and Sewer Revenue Bond (City of Allentown Concession), Series A of 2020 (Federally Taxable) (as further described herein, the “**2020A Bond**” and collectively with the 2013B Bonds and the Insured Bonds, the “**Bonds**”) issued pursuant to that certain Trust Indenture dated as of August 1, 2013, as amended and restated by that Amended and Restated Trust Indenture between the Authority and the Trustee dated as of September 1, 2020, and effective September 17, 2020, as further amended and supplemented from time to time (collectively, the “**Indenture**”), between the Authority and Manufacturers and Traders Trust Company, a corporation with trust powers organized and existing under the laws of the state of New York, as trustee (the “**Trustee**”).

All capitalized terms used herein but not defined in this Consent Solicitation Statement (as the same may be amended or supplemented from time to time, this “**Statement**”) have the meaning ascribed to them in the Indenture.

The Authority is seeking to amend the Indenture to create a special subclass of Subordinated Indebtedness to be incurred by the Authority under a federal or state revolving or non-revolving loan program, so that the Authority may incur low-interest loans and obtain grants through the Pennsylvania Infrastructure Investment Authority (“**Pennvest**”) under Pennvest’s borrowing requirements (the “**Proposed Amendments**”). The new subclass of Subordinated Indebtedness is referred to herein as

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\*Calculated pursuant to the Schedule of Compounded Amounts per \$5,000 for determining Compound Accreted Values as set forth in APPENDIX B of this Statement

†Copyright ©; CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein are provided by CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Solicitation Agent, the Information Agent or the Trustee and are included solely for convenience of the Holders of the Bonds. None of the Authority, the Solicitation Agent, the Information Agent or the Trustee is responsible for the selection or use of these CUSIP numbers or makes a representation as to their correctness on the Bonds or in this Consent Solicitation Statement. The CUSIP number for a specific maturity is subject to being changed as a result of various subsequent actions and events.

“Agency Loan Fund Subordinated Indebtedness.” See “The Consent Solicitation -- Purpose and Effect of the Consent Solicitation” and “Differences between Provisions applicable to Subordinated Indebtedness and Agency Loan Fund Subordinated Indebtedness.”

The Authority issued and sold the 2020A Bond to Fulton Bank, N.A. (the “**Bank**”), pursuant to a private placement. The Consent Solicitation has been provided to the Bank as Holder of the 2020A Bond for their review and consideration. See “THE 2020A BOND.”

**The changes included in the Proposed Amendments will not alter the Authority’s obligations to pay the principal of or interest on the Bonds or the stated interest rate or maturity date of the Bonds. The changes included in the Proposed Amendments will not alter the status of the Bonds as Leasehold Mortgage Debt senior in payment priority to all Subordinated Indebtedness under the Indenture.**

The Solicitation Agent for the Consent Solicitation is:

**GOLDMAN SACHS & CO. LLC**

**The date of this Statement is September 19, 2025.**

### **IMPORTANT DATES AND TIMES**

Holders of Bonds should take note of the following dates in connection with the Consent Solicitation. The descriptions below under “**Event**” do not describe all of the details of the Consent Solicitation, and Holders are urged to read this entire Statement.

| <b>Date</b>            | <b>Calendar Date and Time</b>                                                                                                                                | <b>Event</b>                                                                                                                                                                                                                                |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Record Date            | 5:00 p.m., New York City time, on September 18, 2025.                                                                                                        | The date and time for the determination of Holders entitled to give Consents pursuant to the Consent Solicitation.                                                                                                                          |
| Launch Date            | September 19, 2025.                                                                                                                                          | Commencement of the Consent Solicitation upon the terms and subject to the conditions set forth in this Statement.                                                                                                                          |
| Consent Effective Time | The time and date of the receipt of the Required Consents and the execution of the Supplemental Indenture.                                                   | The time at which the Proposed Amendments become effective (but not operative) for each and every Holder, whether or not such Holder delivered a Consent. The Consent Effective Time may be at, prior to or following, the Expiration Date. |
| Revocation Deadline    | The earlier to occur of 5:00 p.m., New York City time, on October 3, 2025 and the Consent Effective Time.                                                    | The last date and time for Holders to validly revoke Consents that have been previously delivered.                                                                                                                                          |
| Expiration Date        | 5:00 p.m., New York City time, on October 3, 2025, unless extended or earlier terminated by the Authority in its sole discretion, subject to applicable law. | The date and time by which Holders of the Bonds must deliver their Consents.                                                                                                                                                                |
| Settlement Date        | A date (if any) upon or after the effective date of the Proposed                                                                                             | The date the Authority will pay the Consent Payment on behalf of each Holder providing an                                                                                                                                                   |

Amendments under the Supplemental Indenture (if at all) that follows the Consent Effective Time and occurs on or after the Expiration Date. The latest date on which the Settlement Date can occur is the Outside Date.

Effective Consent and on which the Proposed Amendments will become operative, in either case, subject to the conditions set forth in this Statement.

Outside Date                      October 24, 2025

The last date on which the Authority may make the Consent Payment and have the Proposed Amendments become operative.

If the Holders (in authorized denominations and integral multiples in excess thereof) of not less than a majority in aggregate principal amount of the Bonds (or the Compound Accreted Value with respect to any capital appreciation bond) Outstanding under the Indenture, as well as the Bond Insurer (as defined herein) validly deliver Consents to the Proposed Amendments (the “**Required Consents**”) and do not validly revoke such Consents prior to the Revocation Deadline (as defined herein) (such validly delivered and not revoked Consents hereinafter referred to as “**Effective Consents**”), and, as described herein, all other conditions have been satisfied or waived on or prior to 5:00 pm New York Time on October 3, 2025 (the “**Expiration Date**”), it is expected that the Authority will execute a 2025-1 Supplemental Trust Indenture (the “**Supplemental Indenture**”) implementing the Proposed Amendments (such time of execution, the “**Consent Effective Time**”). See “The Consent Solicitation—Required Consents.” The Supplemental Indenture will be immediately effective and binding on all Holders at the Consent Effective Time, whether or not a Holder delivered or revoked a Consent.

In the event the Consent Effective Time has occurred, the Required Consents have been received, and the Proposed Amendments are or, as determined by the Authority in its sole discretion, will become operative under the Supplemental Indenture, the Authority will pay, on a date following the Consent Effective Time (such date, the “**Settlement Date**”), to each Holder on the Record Date (as defined herein) that has validly delivered an Effective Consent on or before the Consent Effective Time a cash payment (the “**Consent Payment**”) of \$1.25 per \$1,000.00 principal amount of each Bond (or the Compound Accreted Value with respect to any capital appreciation bond) as to which such Holder has granted such an Effective Consent. The Supplemental Indenture will become effective immediately upon its execution at the Consent Effective Time, but the Proposed Amendments will not become operative until the Settlement Date.

If the Required Consents are not delivered, no Holder will be eligible to receive the Consent Payment, including Holders who have validly delivered their Consent. The Consent Payment will be made by the Authority for the benefit of the Holders who delivered Effective Consents on or before the Consent Effective Time to the Proposed Amendments, if the Required Consents are obtained. Holders for which no Effective Consent is delivered on or before the Consent Effective Time will not receive the Consent Payment, even though the Proposed Amendments, once effective, will bind all Holders and their transferees. See “The Consent Solicitation—Consent Payment.” No Consent Payment will be payable unless the Required Consents for the Proposed Amendments are delivered on or prior to the Expiration Date, the other conditions described here have been satisfied or waived, and the Supplemental Indenture and related documents are executed and delivered by the parties thereto.

The earlier to occur of 5:00 p.m., New York City time, on October 3, 2025 and the Consent Effective Time is referred to herein as the “**Revocation Deadline**.” Consents may be validly revoked at any time prior to the Revocation Deadline, but not thereafter, pursuant to the revocation procedure described below. See “The Consent Solicitation—Revocation of Consents.” Consents may not be revoked at any time on or after the Revocation Deadline. Promptly after the Revocation Deadline, the Authority will notify The

Depository Trust Company (“**DTC**”) of the occurrence of the Revocation Deadline and that Consents may not be revoked on or after the Revocation Deadline.

The Authority reserves the right to amend, extend or terminate the Consent Solicitation or waive any unsatisfied conditions (other than the Required Consents Conditions (as defined herein)) to the Consent Solicitation, in each case, in accordance with the terms set forth in this Statement.

The outstanding principal amount of the Bonds as of September 18, 2025, is set forth on the cover pages of this Statement.

The record date of the Consent Solicitation (the “**Record Date**”) is 5:00 p.m., New York City time, on September 18, 2025.

Any questions or requests for assistance concerning the Consent Solicitation may be directed to Goldman Sachs & Co. LLC, the solicitation agent for the Consent Solicitation (the “**Solicitation Agent**”), at the address and telephone number set forth on the last page of this Statement. Requests for additional copies of this Statement may be directed to Globic Advisors, the information agent (the “**Information Agent**”) and the tabulation agent (the “**Tabulation Agent**”) for the Consent Solicitation at the address and telephone numbers set forth on the last page of this Statement.

**NONE OF THE AUTHORITY, THE SOLICITATION AGENT, THE INFORMATION AGENT, THE TABULATION AGENT, THE TRUSTEE OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR AFFILIATES MAKES (X) ANY RECOMMENDATION AS TO WHETHER HOLDERS SHOULD DELIVER CONSENTS IN RESPONSE TO THE CONSENT SOLICITATION OR (Y) ANY REPRESENTATIONS OR WARRANTIES IN CONNECTION WITH THE PROPOSED AMENDMENTS. EACH HOLDER MUST MAKE ITS OWN DECISION (AND CONSULT ITS OWN LEGAL, INVESTMENT AND TAX ADVISORS) AS TO WHETHER TO DELIVER CONSENTS.**

#### **IMPORTANT INFORMATION REGARDING THE CONSENT SOLICITATION**

**This Statement contains important information about the Bonds. Holders should read this Statement in its entirety before making any decision with respect to the Consent Solicitation.**

**Recipients of this Statement should not construe the contents hereof as legal, business, investment or tax advice. Each recipient should consult its own attorney, business advisor, investment advisor and tax advisor as to legal, business, investment, tax and related matters concerning the Consent Solicitation.**

The principal purpose of the Consent Solicitation is to obtain Consents to authorize the Proposed Amendments. The Consent of the Holders of not less than a majority in aggregate principal amount of the Bonds (or the Compound Accreted Value with respect to any capital appreciation bond) Outstanding under the Indenture is required to authorize the Proposed Amendments. Following the receipt of the Required Consents and the satisfaction or waiver by the Authority of all other conditions, it is expected that the Authority and the Trustee will execute the Supplemental Indenture and related documents implementing the Proposed Amendments. The Supplemental Indenture will become effective immediately upon its execution at the Consent Effective Time, but the Proposed Amendments will not become operative until the Settlement Date.

The Consent Solicitation is being conducted in a manner intended to be eligible for the Automated Tender Offer Program (“**ATOP**”) of DTC. The Tabulation Agent will establish ATOP accounts (i.e., Contra

CUSIP) with respect to the Bonds held in DTC promptly after the date of this Statement. The Tabulation Agent and DTC will confirm that the Consent Solicitation is eligible for ATOP, whereby participants in DTC (“**DTC Participants**”) may make book-entry delivery of Consents by causing DTC to transfer Bonds into the Contra CUSIP or electronically deliver the Consents. Deliveries of Consents are effected through the ATOP procedures by delivery of an Agent’s Message (as defined herein) by DTC to the Tabulation Agent. The confirmation of a book-entry transfer into the ATOP account at DTC is referred to as a “**Book-Entry Confirmation**.” Delivery of required documents to DTC does not constitute delivery to the Tabulation Agent.

The term “**Agent’s Message**” means a message transmitted by DTC and received by the Tabulation Agent, which states that DTC has received an express acknowledgment from the DTC Participant delivering Consents that such DTC Participant (i) has received and agrees to be bound by the terms of the Consent Solicitation as set forth in this Statement and that the Authority may enforce such agreement against such participant, and (ii) consents to the Proposed Amendments and the execution and delivery of the Supplemental Indenture as described in this Statement.

**Holders should be aware that their broker, dealer, commercial bank, trust company or other nominee may establish its own earlier deadline for participation in the Consent Solicitation. Accordingly, Holders wishing to participate in the Consent Solicitation should contact their broker, dealer, commercial bank, trust company or other nominee as soon as possible in order to determine the time by which such owner must take action in order to participate. See “The Consent Solicitation – Procedures for Delivering Consents.”**

Holders that do not deliver Effective Consents on or before the Consent Effective Time will not receive the Consent Payment.

Only Holders of record as of the Record Date, or their duly designated proxies, including, for the purposes of the Consent Solicitation, DTC Participants, may submit a Consent. A duly delivered Effective Consent shall bind the Holders executing the same and any subsequent registered holder or transferee of the Bonds to which such Consent relates.

The delivery of a Consent will not affect a Holder’s right to sell or transfer the Bonds. The transfer of Bonds after the Record Date will not have the effect of revoking any Consent theretofore validly given by a Holder, and each Consent validly given will be counted notwithstanding any transfer of the Bonds to which such Consent relates, unless the procedures for revoking Consents described herein have been complied with.

**CONSENTS MUST BE ELECTRONICALLY DELIVERED IN ACCORDANCE WITH DTC’S ATOP PROCEDURES. UNDER NO CIRCUMSTANCES SHOULD ANY HOLDER DELIVER ANY BONDS.**

Holders residing outside the United States of America who wish to deliver a Consent must satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection therewith. If the Authority becomes aware of any state or foreign jurisdiction where the making of the Consent Solicitation is prohibited, the Authority will make a good faith effort to comply with the requirements of any such state or foreign jurisdiction. If, after such effort, the Authority cannot comply with the requirements of any such state or foreign jurisdiction, the Consent Solicitation will not be made to (and Consents will not be accepted from or on behalf of) Holders in such state or foreign jurisdiction.

The Authority reserves the right, subject to applicable law, in its sole discretion, to (1) extend, terminate or withdraw the Consent Solicitation at any time or (2) otherwise amend the Consent Solicitation in any respect prior to the Expiration Date.

**THIS STATEMENT DOES NOT CONSTITUTE A SOLICITATION OF CONSENTS IN ANY JURISDICTION IN WHICH, OR TO OR FROM ANY PERSON TO OR FROM WHOM, IT IS UNLAWFUL TO MAKE SUCH SOLICITATION UNDER APPLICABLE FEDERAL SECURITIES OR BLUE SKY LAWS.**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS STATEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY. THE DELIVERY OF THIS STATEMENT AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.**

**THIS STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE BONDS.**

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## SUMMARY

**This Statement contains important information that should be read carefully before any decision is made with respect to the Consent Solicitation.**

*The following summary is provided solely for the convenience of the Holders of the Bonds. This summary is not intended to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the information appearing elsewhere in this Statement. Capitalized terms used in this summary and not defined herein have the meaning given to them elsewhere in this Statement.*

|                                |                                                                                                                                                                                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Authority .....            | Lehigh County Authority.                                                                                                                                                                         |
| The 2013B Bonds .....          | Lehigh County Authority Water and Sewer Capital Appreciation Revenue Bonds (City of Allentown Concession), Series 2013B.                                                                         |
| The 2020 Bonds .....           | Lehigh County Authority Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2020 (Federally Taxable).                                                                           |
| The 2020A Bond.....            | Lehigh County Authority Water and Sewer Revenue Bond (City of Allentown Concession), Series A of 2020 (Federally Taxable)                                                                        |
| The 2024 Bonds .....           | Lehigh County Authority Water and Sewer Revenue Bonds, (City of Allentown Concession), Series 2024.                                                                                              |
| The Bonds .....                | The 2013B Bonds, the 2020 Bonds, the 2020A Bond, and the 2024 Bonds, collectively.                                                                                                               |
| The Bond Insurer .....         | Build America Mutual Assurance Company, as the bond insurer and issuer of an insurance policy guaranteeing the scheduled payment of principal and interest on the 2020 Bonds and the 2024 Bonds. |
| The Bond Insurer Consent ..... | The written consent of the Bond Insurer to the Proposed Amendments as required by Section 4.B of Exhibit D to each of the 2020-1 Supplemental Indenture and the 2024-1 Supplemental Indenture.   |
| Listing .....                  | The Bonds are not listed on any exchange.                                                                                                                                                        |
| The Consent Solicitation.....  | The Authority is soliciting Consents from Holders of the Bonds to implement the Proposed Amendments.                                                                                             |

The Authority is seeking to amend the Indenture to create a special subclass of Subordinated Indebtedness to be incurred by the Authority under a federal or state revolving or non-revolving loan program, so that the Authority may incur low-interest loans and obtain grants through the Pennsylvania Infrastructure Investment Authority (“**Pennvest**”) under Pennvest’s borrowing requirements (the “**Proposed Amendments**”). The new subclass of Subordinated Indebtedness is referred to herein as “Agency Loan Fund Subordinated Indebtedness.”

For a summary of the changes being made to the requirements for the incurrence and treatment of Subordinated Indebtedness, see “Differences between Provisions applicable to Subordinated Indebtedness and Agency Loan Fund Subordinated Indebtedness.” For the actual text of the Proposed Amendments, see “The Proposed Amendments – Proposed Amendments to the Indenture.”

Following the receipt of the Required Consents and, as described herein, the satisfaction or waiver of all other conditions, it is expected that the Authority and the Trustee will execute the Supplemental Indenture to implement the Proposed Amendments.

The Supplemental Indenture will be effective immediately upon execution thereof at the Consent Effective Time. The Proposed Amendments will not become operative until the Settlement Date.

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Conditions .....             | Consummation of the Consent Solicitation and effectiveness of the Supplemental Indenture is subject to and conditioned upon the satisfaction of the Required Consents Conditions (as defined herein), and the General Conditions (as defined herein) on or prior to the Expiration Date. The Authority may, in its sole discretion, waive any of the General Conditions and may choose not to consummate the Proposed Amendments. The Authority may not waive the Required Consents Conditions. |
| Record Date .....            | The record date of the Consent Solicitation is 5:00 p.m., New York City time, on September 18, 2025. Such date has been fixed as the date for the determination of Holders entitled to give Consents pursuant to the Consent Solicitation.                                                                                                                                                                                                                                                      |
| Consent Effective Time ..... | The time and date of the receipt of the Required Consents and the execution of the Supplemental Indenture.                                                                                                                                                                                                                                                                                                                                                                                      |
| Expiration Date .....        | The Expiration Date for the Consent Solicitation will be 5:00 p.m., New York City time, on October 3, 2025, unless the Consent Solicitation is extended or terminated by the Authority in its sole discretion, subject to applicable law. See “The Consent Solicitation – Expiration Date; Extensions; Termination.”                                                                                                                                                                            |
| Required Consents .....      | The Effective Consent of the Holders of not less than a majority in aggregate principal amount of the Bonds (or the Compound Accreted Value with respect to any capital appreciation bond) Outstanding under the Indenture, and the Bond Insurer Consent. See “The Consent Solicitation—Required Consents.”                                                                                                                                                                                     |
| Effective Consent.....       | A Consent validly delivered and not validly revoked prior to the Revocation Deadline.                                                                                                                                                                                                                                                                                                                                                                                                           |

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Termination of and Amendments to the Consent Solicitation ..... | <p>The Authority expressly reserves the right, in its sole discretion, subject to applicable law, to terminate the Consent Solicitation, and otherwise to amend the terms of the Consent Solicitation in any respect. Any amendment or termination of the Consent Solicitation will be followed as promptly as practicable by announcement thereof. If the Authority makes a material change in the terms of the Consent Solicitation or the information concerning the Consent Solicitation or waives a material condition of the Consent Solicitation, the Authority will, to the extent required by applicable law, disseminate additional Consent Solicitation materials and extend the Expiration Date and the Revocation Date.</p>                                                                                                                                                                                          |
| Consent Payment .....                                           | <p>\$1.25 per \$1,000.00 principal amount of Bonds (or the Compound Accreted Value with respect to any capital appreciation bond).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Eligibility for Consent Payment..                               | <p>In the event that the Consent Effective Time has occurred and the Proposed Amendments are or, in the Authority's sole discretion, will be consummated, the Authority will pay the Consent Payment for the benefit of the Holders who validly delivered Effective Consents to the Proposed Amendments on or prior to the Consent Effective Time.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Procedures for Delivery of Consents.....                        | <p>Consents must be electronically delivered in accordance with DTC's ATOP procedures. DTC is expected to grant an assignment of consents authorizing the DTC Participants to deliver an Agent's Message. Only Holders (beneficial owners as defined herein) of record as of the Record Date, or their duly designated proxies, including, for the purposes of the Consent Solicitation, DTC Participants, may submit a Consent. Therefore, a beneficial owner of an interest in Bonds held in an account of a DTC Participant who wishes a Consent to be delivered must properly instruct such DTC Participant to cause a Consent to be given in respect of such Bonds.</p> <p>Consents may be delivered and will be accepted with respect to Bonds in minimum denominations of \$5,000.00 and integral multiples of \$5,000.00 in excess thereof.</p> <p>See "The Consent Solicitation—Procedures for Delivering Consents."</p> |
| Revocation of Consents .....                                    | <p>Revocation of Consents to the Proposed Amendments may be made at any time prior to the Revocation Deadline, but not thereafter, in accordance with DTC's ATOP procedures. See "The Consent Solicitation—Revocation of Consents."</p> <p>The transfer of Bonds after the Record Date will not have the effect of revoking any Consent theretofore validly delivered by a Holder of such transferred Bond(s), and each Consent validly delivered will be counted notwithstanding any transfer of the Bonds to which such</p>                                                                                                                                                                                                                                                                                                                                                                                                     |

Consent relates, unless the procedures for revoking Consents described herein have been complied with.

|                                                     |                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Certain U.S. Federal Income Tax Considerations..... | For a discussion of certain U.S. federal income tax consequences of the Consent Solicitation to Holders of the Bonds, see “Certain U.S. Federal Income Tax Considerations.”                                                                                              |
| Solicitation Considerations .....                   | For a discussion of certain considerations in deciding whether to participate in the Consent Solicitation, see “Solicitation Considerations.”                                                                                                                            |
| No Payment for Non-Consenting Holders.....          | Holders for which no Effective Consent is delivered on or before the Consent Effective Time will not receive the Consent Payment, even though the Proposed Amendments, once effective, will bind all Holders and their transferees.                                      |
| Solicitation Agent .....                            | Goldman Sachs & Co. LLC serving as Solicitation Agent in connection with the Consent Solicitation. Contact the Solicitation Agent with any questions about the Consent Solicitation at the addresses and telephone numbers set forth on the last page of this Statement. |
| Information Agent and Tabulation Agent .....        | Globic Advisors is serving as Information Agent and Tabulation Agent in connection with the Consent Solicitation. The Information Agent’s contact information is listed on the back cover page of this Statement.                                                        |
| Trustee.....                                        | Manufacturers and Traders Trust Company, a corporation with trust powers organized and existing under the laws of the state of New York.                                                                                                                                 |
| Further Information.....                            | Questions concerning the terms of the Consent Solicitation and requests for additional copies of this Statement should be directed to the Information Agent at its address and telephone number set forth on the back cover page of this Statement.                      |

## **DIFFERENCES BETWEEN PROVISIONS APPLICABLE TO SUBORDINATED INDEBTEDNESS AND AGENCY LOAN FUND SUBORDINATED INDEBTEDNESS**

The Authority is seeking to amend the Indenture to create a special subclass of Subordinated Indebtedness to be incurred by the Authority under a federal or state revolving or non-revolving loan program, so that the Authority may incur low-interest loans and obtain grants through the Pennsylvania Infrastructure Investment Authority (“**Pennvest**”) under Pennvest’s borrowing requirements (the “**Proposed Amendments**”). The new subclass of Subordinated Indebtedness is referred to herein as “Agency Loan Fund Subordinated Indebtedness.” The changes included in the Proposed Amendments will not alter the status of the Bonds as Leasehold Mortgage Debt senior in payment priority to all Subordinated Indebtedness (including Agency Loan Fund Subordinated Indebtedness) under the Indenture.

Set forth below is a summary description of certain existing provisions applicable to Subordinated Indebtedness and the provisions of the Proposed Amendments applicable to Agency Loan Fund Subordinated Indebtedness. This description does not purport to be comprehensive or definitive and is qualified by reference to the full provisions of the Indenture, and the proposed form of Supplemental Indenture, which is set forth in APPENDIX A of this Statement. For the actual text of the Proposed Amendments, see “The Proposed Amendments – Proposed Amendments to the Indenture.”

| <b><u>Provision</u></b>                | <b><u>Subordinated Indebtedness</u></b>                                                                                                                                                                                                                                                                                                                                                                   | <b><u>Agency Loan Fund Subordinated Indebtedness</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Remedies upon Events of Default</b> | Documents pursuant to which any Subordinated Indebtedness is incurred shall provide that so long as any Bonds are Outstanding under the Indenture or any Parity Reimbursement Obligations remain unsatisfied or any Parity Swap Payment remains unpaid, holders of Subordinated Indebtedness may not exercise remedies under the Indenture without the consent of a majority of the holders of the Bonds. | Documents pursuant to which any Agency Loan Fund Subordinated Indebtedness is incurred shall provide that so long as any Bonds are Outstanding under the Indenture or any Parity Reimbursement Obligations remain unsatisfied or any Parity Swap Payment remains unpaid, holders of Agency Loan Fund Subordinated Indebtedness may not exercise any remedies with respect to the Concession Revenues unless and until the Trustee shall have instituted proceedings to accelerate the principal of the Bonds pursuant to the Indenture. |
| <b>Debt Service Test</b>               | No requirement to satisfy any debt service test prior to the incurrence of Subordinated Indebtedness.<br><br>No ongoing covenant as to debt service coverage on Subordinated Indebtedness.                                                                                                                                                                                                                | 100% Debt Service Requirements with respect to Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated Indebtedness (including the Agency Loan Fund Subordinated Indebtedness to be incurred) must be met prior to the incurrence of Agency Loan Fund Subordinated Indebtedness.<br><br>Compliance with 100% Debt Service covenant is tested annually.                                                                                                                                      |
| <b>Source of Repayment</b>             | Limited to amounts available in the Subordinated Indebtedness Fund under the Indenture.                                                                                                                                                                                                                                                                                                                   | Limited to amounts available in the Subordinated Indebtedness Fund under the Indenture.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## **SOLICITATION CONSIDERATIONS**

Prior to delivering a Consent, Holders should carefully consider the factors set forth below in addition to the other information described elsewhere in this Statement.

### **Adverse Effect of the Proposed Amendments on Non-Consenting Holders**

If the Authority receives the Required Consents, it is expected that the Authority and the Trustee will execute the Supplemental Indenture implementing the Proposed Amendments.

The Supplemental Indenture will be effective immediately upon execution thereof at the Consent Effective Time, at which point no Consents may be revoked. The Proposed Amendments will not become operative until the Settlement Date.

Holders for which no Effective Consent is delivered on or before the Consent Effective Time will not receive the Consent Payment, even though the Proposed Amendments, once effective, will bind all Holders and their transferees.

### **The Consummation of the Consent Solicitation is Conditional**

Consummation of the Consent Solicitation and effectiveness of the Supplemental Indenture is subject to and conditioned upon the Required Consents Conditions (as defined herein), and the General Conditions (as defined herein). The Authority cannot assure Holders that such conditions will be satisfied or that the Proposed Amendments will be consummated, and that Holders who have validly delivered Effective Consents will receive the Consent Payment. The Authority may, in its sole discretion, waive any of these conditions (other than the Required Consents Conditions) and may choose not to consummate the Proposed Amendments.

### **Limited Ability to Revoke Consents and Certain Consequences for Consents Delivered**

Consents may be validly revoked at any time prior to and not after the Revocation Deadline. In addition, the Authority may, in its sole discretion, subject to applicable law, extend, amend or terminate the Solicitation. Holders who deliver Consents prior to the Expiration Date may be required to wait for an extended period of time before receiving the Consent Payment and will not have the ability to revoke their Consent after the Revocation Deadline.

### **Holders are Responsible for Assessing the Merits of the Consent Solicitation**

Each Holder is responsible for assessing the merits of the Consent Solicitation. None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee, or any of their respective directors, officers, employees, agents or affiliates has made or will make any assessment of the merits of the Consent Solicitation or of the impact of the Consent Solicitation on the interests of the Holders either as a class or as individuals, or makes any recommendation as to whether a Holder should deliver a Consent to the Proposed Amendments.

### **Holders are Responsible for Complying with the Procedures of the Consent Solicitation**

Holders are responsible for complying with all of the procedures for submitting Consents. None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee, or any of their respective directors, officers, employees, agents or affiliates assumes any responsibility for informing Holders of irregularities with respect to any Consent. All Effective Consents will be irrevocable.

The Bonds for which a Consent has been delivered through ATOP as part of the Consent Solicitation prior to the Expiration Date will be held under one or more temporary CUSIP numbers (i.e., Contra CUSIP) during the period beginning at the time the DTC Participant electronically delivers a Consent and ending on the earliest of (i) the date on which the DTC Participant revokes its Consent, (ii) the Expiration Date, (iii) the Settlement Date, and (iv) the Outside Date.

**Consents Submitted by Sanctions Restricted Persons Will Not be Accepted.**

A Holder who is a Sanctions Restricted Person (as defined in “The Consent Solicitation – Representations, Warranties and Undertakings”) may not participate in the Consent Solicitation. No consents submitted by a Sanctions Restricted Person will be accepted or counted, notwithstanding the purported delivery (and non-withdrawal or revocation) of a Consent in respect of the Consent Solicitation on or before the Expiration Date.

**The Consent Solicitation May Adversely Affect the Liquidity, Market Value and Price Volatility of the Bonds.**

There can be no assurance that the liquidity, market value and price volatility of the Bonds will not be adversely affected by the consummation of the Consent Solicitation or effectiveness of the Proposed Amendments.

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## **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

The information contained in this Statement and the information incorporated by reference herein include certain estimates, projections, and other forward-looking statements that involve known and unknown risks and reflect the Authority's current expectations and projections about, among other things, future events, performance and prospects. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "targets," "potential," or "continue" or the negative of these terms or other comparable terminology. These estimates, projections, and other forward-looking statements are based on assumptions the Authority believes, as of the date hereof, are reasonable. Inevitably, there will be differences between such estimates and actual results, and those differences may be material. There can be no assurance that any estimates, projections, or forward-looking statements will be realized. All such estimates, projections, and forward-looking statements speak only as of the date hereof. The Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, and the Trustee do not undertake any duty to publicly update or revise that information. Do not place undue reliance on the estimates, projections, and other forward-looking statements in this Statement and the information incorporated by reference herein as they are based on current expectations and general assumptions and are subject to various risks, uncertainties, and other factors, many of which are beyond the Authority's control. These factors may cause actual results to differ materially from the views, beliefs, and estimates expressed herein.

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## LEHIGH COUNTY AUTHORITY, THE INDENTURE AND THE BONDS

Lehigh County Authority (the “**Authority**”) is a body corporate and politic organized by the Board of County Commissioners of the County of Lehigh, Pennsylvania (the “**County**”) under the Municipality Authorities Act (53 Pa. C.S.A. Ch. 56) (the “**Act**”) of the Commonwealth of Pennsylvania (the “**Commonwealth**”). Under the Act, the Authority has power and authority, among other things, to acquire, hold, construct, improve, maintain and operate, own and lease (either in the capacity of lessor or lessee) facilities to provide water and sewer service through September 9, 2062, the current expiration date of its charter.

Effective May 1, 2013, the Authority and the City of Allentown, Pennsylvania (the “**City**”) entered into the Allentown Water and Sewer Utility System Concession and Lease Agreement (the “**Original Concession Agreement**”) to (i) lease the Concessioned System to the Authority, (ii) grant the Authority the right to operate the Concessioned System and provide Utility Services relating to the Concessioned System and in that connection (A) to use, possess, operate, manage, maintain, rehabilitate, expand and improve the Concessioned System and (B) to charge Service Charges and collect Revenues in connection with the operation of the Concessioned System; and (iii) assign, transfer and otherwise convey to the Authority by bill of sale each of the System Assets, free and clear of any Encumbrances. The Authority and the City entered into an Amended and Restated Allentown Water and Sewer Utility System Concession and Lease Agreement dated as of September 1, 2020 and effective September 17, 2020 (the “**Concession Agreement**”) pursuant to which the Original Concession Agreement was amended and restated in its entirety.

The Authority issued its (1) Water and Sewer Capital Appreciation Revenue Bonds (City of Allentown Concession), Series 2013B (the “**2013B Bonds**”); (2) Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2020 (Federally Taxable) (the “**2020 Bonds**”); (3) Water and Sewer Revenue Bonds, (City of Allentown Concession), Series 2024 (the “**2024 Bonds**” and together with the 2020 Bonds, the “**Insured Bonds**”)); and (4) Water and Sewer Revenue Bond (City of Allentown Concession), Series A of 2020 (Federally Taxable) (the “**2020A Bond**” and collectively with the 2013B Bonds and the Insured Bonds, the “**Bonds**”), in order to finance and refinance certain improvements to the Concessioned System. The Bonds were issued pursuant to that certain Trust Indenture dated as of August 1, 2013, as Amended and Restated by that Amended and Restated Trust Indenture between the Authority and the Trustee dated as of September 1, 2020, and effective September 17, 2020, as further amended and supplemented from time to time (the “**Indenture**”), between the Authority and Manufacturers and Traders Trust Company, a corporation with trust powers organized and existing under the laws of the state of New York, as trustee (the “**Trustee**”).

Pursuant to a Continuing Disclosure Agreement dated as of March 21, 2024 in connection with the 2024 Bonds, a Continuing Disclosure Agreement dated as of September 17, 2020 in connection with the 2020 Bonds, and a Continuing Disclosure Agreement dated as of August 7, 2013 in connection with the 2013B Bonds (collectively, the “**Continuing Disclosure Agreement**”), the Authority agreed to annually provide its annual comprehensive financial report, certain annual financial information and event filings through the Electronic Municipal Market Access (“**EMMA**”) system, as provided by the Municipal Securities Rulemaking Board (“**MSRB**”), or any successor or otherwise as prescribed by the MSRB. Information provided pursuant to the Continuing Disclosure Agreement is available at <http://emma.msrb.org> (which website and information is not incorporated herein by reference).

## **THE CONSENT SOLICITATION**

### **Purpose and Effect of the Consent Solicitation**

The Authority is seeking to amend the Indenture to modify the requirements for the incurrence of Subordinated Indebtedness, so that the Authority may incur low-interest loans and obtain grants through Pennvest under its borrowing requirements. In connection with the Proposed Amendments, the Authority is soliciting consents from Holders to the Proposed Amendments.

For the actual text of the Proposed Amendments, see “The Proposed Amendments – Proposed Amendments to the Indenture.”

For a summary of the proposed changes to the requirements for the incurrence of Subordinated Indebtedness, see “Differences between Provisions applicable to Subordinated Indebtedness and Agency Loan Fund Subordinated Indebtedness.”

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Following the receipt of the Required Consents and the satisfaction or waiver by the Authority of all other conditions, it is expected that the Authority and the Trustee will execute the Supplemental Indenture to implement the Proposed Amendments.

The Supplemental Indenture will be effective immediately upon execution thereof at the Consent Effective Time. The Proposed Amendments will not become operative until the Consent Payment has been paid on the Settlement Date.

The Authority has retained the Solicitation Agent to aid in the solicitation of Consents.

The Consent Solicitation is being made to all Holders as of the Record Date and to their duly designated proxies.

Regardless of whether the Proposed Amendments become operative, the Bonds will continue to be outstanding in accordance with all other terms of the Bonds and the Indenture. The changes included in the Proposed Amendments will not alter the Authority’s obligations to pay the principal of or interest on the Bonds or the stated interest rate or maturity date of the Bonds. The changes included in the Proposed Amendments will not alter the status of the Bonds as Leasehold Mortgage Debt senior in payment priority to all Subordinated Indebtedness under the Indenture.

### **Position Regarding the Consent Solicitation**

None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates makes any recommendation to any Holder whether to deliver or refrain from delivering any Consents with respect to the Bonds. None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates has authorized any person to make any such recommendation. The Trustee is not responsible for and makes no representation as to the validity, accuracy or adequacy of this Statement and any of its contents, and is not responsible for any statement of the Authority or any other person in this Statement or in any document issued or used in connection with it, the Consent Solicitation or the Consents. The Trustee makes no representation as to and is not responsible for the correctness or accuracy of the CUSIP or similar numbers listed in this Statement or printed on the Bonds. They are provided solely for the convenience of the Holders. Holders are urged to

consult their own investment and tax advisors and make their own decisions about whether to deliver Consents.

### **Required Consents**

The Consent by the Holders of not less than a majority in aggregate principal amount of the Bonds (or the Compound Accreted Value with respect to any capital appreciation bond) Outstanding under the Indenture, as well as the Bond Insurer Consent, is required in order for the Authority to make the Proposed Amendments.

Upon receipt by the Trustee of the Required Consents, the Trustee shall be authorized and directed to implement the Proposed Amendments.

### **Consent Payment**

In the event that the Consent Effective Time has occurred and the Proposed Amendments are or, in the Authority's sole discretion, will be consummated, the Authority will pay, on the Settlement Date, a cash payment of \$1.25 per \$1,000.00 principal amount of Bonds (or the Compound Accreted Value with respect to any capital appreciation bond), for the benefit of each Holder on the Record Date (as defined herein) that has validly delivered an Effective Consent on or before the Consent Effective Time .

**Holders for which no Effective Consent is delivered on or before the Consent Effective Time will not receive the Consent Payment, even though the Proposed Amendments, once effective, will bind all Holders and their transferees.**

The Authority will be deemed to have accepted valid and unrevoked Consents if and when the Authority gives oral or written notice to the Tabulation Agent of the Authority's acceptance of such Consents pursuant to the Consent Solicitation. Upon the terms and subject to the conditions of the Consent Solicitation, payment of the Consent Payment will be made by deposit of the Consent Payment with DTC. Upon the deposit of the Consent Payment with DTC for the purpose of making payments of an amount equal to the Consent Payment to consenting Holders, the Authority's obligation to pay the Consent Payment shall be satisfied.

If the Consent Solicitation is abandoned or terminated for any reason, the Consents will be voided and the Consent Payment will not be paid.

### **Expiration Date; Extensions; Termination**

The Consent Solicitation will expire at 5:00 p.m., New York City time, on October 3, 2025, or as earlier terminated by the Authority (the "**Expiration Date**"). The Authority reserves the right, in its sole discretion, subject to applicable law, to terminate or extend the Consent Solicitation with respect to the Bonds at any time from time to time, whether or not the Required Consents have been received, by giving oral or written notice to the Tabulation Agent no later than 9:00 a.m., New York City time, on the business day immediately preceding the previously announced Expiration Date. Any such extension will be followed as promptly as practicable by written notice to the applicable Holders. Such notice may state that the Authority is extending the Consent Solicitation for a specified period of time or on a daily basis. The failure of any Holder to receive such notice will not affect the termination or extension of the Consent Solicitation.

The Authority expressly reserves the right for any reason, subject to applicable law, (i) to abandon, terminate or amend the Consent Solicitation with respect to the Bonds at any time prior to the Expiration Date by giving oral or written notice thereof to the Tabulation Agent and (ii) not to extend the Consent

Solicitation beyond the latest previously announced Expiration Date. Any such action by the Authority will be followed as promptly as practicable by written notice to the applicable Holders.

If any amendments or modifications to the terms of the Consent Solicitation are made that the Authority determines are not materially adverse to the Holders of the Bonds, then any Consents given by Holders of the Bonds prior to the time of any such amendment or modification will remain valid and these Consents will be deemed to continue to be effective with respect to the Consent Solicitation as so amended or modified, unless or until revoked by the respective Holder prior to the Revocation Deadline. If any such modification or amendment is materially adverse to the Holders of the Bonds, the Authority will disclose to such Holders promptly any such modification or amendment and extend the Expiration Date for a period the Authority deems, in its sole discretion, to be sufficient for such Holders to deliver or revoke consents. If the Authority makes a material change in the terms of, or information concerning, the Consent Solicitation, the Proposed Amendments or any of the transactions described herein or waives any condition related thereto that results in a material change to the circumstances of the Consent Solicitation, then the Authority will disseminate additional solicitation materials for a period necessary and will extend the Consent Solicitation to the extent the Authority deems, in its sole discretion, to be sufficient for the Holders to review such materials.

### **Record Date**

The record date of the Consent Solicitation is 5:00 p.m., New York City time, on September 18, 2025 (the “**Record Date**”). Such date has been fixed as the date for the determination of Holders entitled to give Consents pursuant to the Consent Solicitation. The Authority reserves the right to establish, from time to time but in all cases prior to receipt of the Required Consents, any new date as such Record Date, and thereupon, any such new date will be deemed to be the record date for purposes of the Consent Solicitation.

### **Conditions to the Consent Solicitation**

Notwithstanding any other provision of the Consent Solicitation, and in addition to, and not in limitation of, the Authority’s rights to extend or amend the Consent Solicitation in its sole discretion, the Consent Solicitation is subject to the satisfaction of the following conditions:

- (1) the delivery of (i) the Required Consents for the Proposed Amendments on or prior to the Expiration Date, and (ii) the execution and delivery of the Supplemental Indenture by the parties thereto (the “**Required Consents Conditions**”); and
- (2) the General Conditions having been satisfied.

The “**General Conditions**” with respect to the Consent Solicitation will be considered satisfied so long as none of the following events shall have occurred prior to the Consent Effective Time and have not been waived by the Authority:

- there has been threatened or instituted or there is pending any action, suit or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency or other tribunal that directly or indirectly:
  - challenges or seeks to make illegal, or to delay or otherwise directly or indirectly to restrain, prohibit or otherwise affect the making of the Consent Solicitation, or otherwise relates in any manner to the Consent Solicitation; or

- in the Authority's reasonable judgment, could materially and adversely affect the business, condition (financial or otherwise), assets, income, operations or prospects of the Authority, or otherwise materially impair in any way the contemplated future conduct of the business of the Authority;
- there has occurred any of the following:
  - any general suspension of trading in, or limitation on prices for, securities on any U.S. securities or financial markets, on any national securities exchange, or in any over-the-counter market;
  - any significant adverse change in the price of securities of the Authority (including, without limitation, the Bonds) in the U.S. securities or financial markets;
  - a material impairment in the U.S. trading markets for debt securities;
  - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
  - the commencement or escalation of a war, armed hostilities or other international or national calamity, including, but not limited to, an act of terrorism, directly or indirectly, involving the United States;
  - any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in the Authority's reasonable judgment, could materially affect the extension of credit by banks or other lending institutions in the United States; or
  - any change or changes, or threatened change or changes, in the business, condition (financial or otherwise), assets, income, operations, or prospects of the Authority and its subsidiaries, taken as a whole, that, in the Authority's reasonable judgment, has or is reasonably expected to have a material adverse effect on the Authority, or on the benefits of the Consent Solicitation to the Authority.

The foregoing conditions are for the Authority's sole benefit and may be asserted by the Authority regardless of the circumstances giving rise to any such conditions, including any action or inaction by the Authority. The Authority's failure at any time to assert any of the foregoing conditions will not be considered a waiver of the Authority's right to assert such conditions, and the Authority's right to assert a condition is an ongoing right that the Authority may assert at any time and from time to time. The Authority's determination concerning any of the events described above will be final and binding upon all persons. The Authority reserves the right, subject to applicable law, in its sole discretion, to waive any of the General Conditions, in whole or in part, at any time and from time to time and it may choose not to consummate the Proposed Amendments.

#### **Failure to Obtain the Required Consents**

If the Required Consents are not delivered, no Holder, including Holders who have validly delivered their Consents, will be eligible to receive the Consent Payment, the Supplemental Indenture and related documents will not be executed and the Proposed Amendments will not become operative.

## **Procedures for Delivering Consents**

All questions as to the validity, form and eligibility (including time of receipt) regarding the consent procedures will be determined by the Authority in its sole discretion, which determination will be conclusive and binding subject only to the rights of the Trustee to accept satisfactory evidence of such Consents. The Authority reserves the right to reject any or all Consents that are not in proper form or the acceptance of which could, in the reasonable opinion of the Authority, or its counsel, be unlawful. The Authority also reserves the right, subject only to the rights of the Trustee to accept satisfactory evidence of such Consents, to waive any defects or irregularities in connection with deliveries of particular Consents. Unless waived by the Authority, any defects or irregularities in connection with deliveries of Consents must be cured within such time as the Authority determines. None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee, or any of their respective directors, officers, employees, agents or affiliates or any other person shall be under any duty to give any notification of any such defects or irregularities or waiver, nor shall any of them incur any liability for failure to give such notification. Deliveries of Consents will not be deemed to have been made until any irregularities or defects therein have been cured or waived by the Authority. The Authority's interpretations of the terms and conditions of the Consent Solicitation shall be conclusive and binding.

Consents will be accepted in minimum denominations of \$5,000.00 and integral multiples of \$5,000.00 in excess thereof.

In order to provide a Consent, each person who is shown in the records of the clearing and settlement systems of DTC as a Holder of the Bonds on the Record Date must submit, on or prior to the Expiration Date, a Consent in the applicable manner described below. The Authority will accept Consents given in accordance with the customary procedures of DTC's ATOP.

A beneficial owner of an interest in Bonds held in an account of a DTC Participant who wishes a Consent to be delivered must properly instruct such DTC Participant to cause a Consent to be given in respect of such Bonds.

Holders of Bonds who do not deliver valid and unrevoked Consents to the Proposed Amendments on or prior to the Expiration Date will not receive the Consent Payment.

**CONSENTS MUST BE ELECTRONICALLY DELIVERED IN ACCORDANCE WITH DTC'S ATOP PROCEDURES.**

*The registered ownership of a Bond as of the Record Date shall be proved by the Trustee, as registrar of the Bonds. The ownership of Bonds held through DTC by DTC Participants shall be established by a DTC security position listing provided by DTC as of the Expiration Date.*

### ***How to Consent***

The Consent Solicitation is being conducted in a manner eligible for use of DTC's ATOP. At the date of this Statement, all of the Bonds are registered in the name of the nominee of DTC. In turn, the Bonds are recorded on DTC's books in the names of DTC Participants who hold Bonds either for themselves or for the ultimate beneficial owners. In order to cause Consents to be delivered, DTC Participants must electronically deliver a Consent by causing DTC to temporarily transfer and surrender their Bonds to the Tabulation Agent in accordance with DTC's ATOP procedures. By making such transfer, DTC Participants will be deemed to have delivered a Consent with respect to any Bonds so transferred and surrendered. DTC will verify each temporary transfer and surrender of Bonds, and confirm the electronic delivery of a Consent by sending an Agent's Message to the Tabulation Agent.

**Holders desiring to deliver their Consents prior to the Expiration Date should note that they must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such respective date. Consents not received by the Tabulation Agent prior to the Expiration Date will be disregarded and of no effect.**

***Representations, Warranties and Undertakings***

By delivering a Consent in accordance with DTC's ATOP procedures, the Holder is deemed to represent, warrant and undertake to the Authority, the Solicitation Agent, the Information Agent and the Trustee that:

- the Holder has received and reviewed this Statement and understands that the Holder is consenting to the Proposed Amendments with respect to its Bonds upon the terms and subject to the conditions set forth in this Statement;
- the Holder authorizes, directs and requests the execution and delivery of the Supplemental Indenture; and the Holder acknowledges that the delivery of a Consent in accordance with DTC's ATOP procedures constitutes the Holder's written consent to the Proposed Amendments;
- the Holder acknowledges that the Holder has reviewed the restrictions set forth in this Statement, and that such Holder's participation does not conflict with such restrictions;
- the Holder acknowledges that all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings and every obligation of the Holder and the Consents given by the Holder in respect of its Bonds will be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal agents of the Holder and will not be affected by, and shall survive, the death or incapacity of the Holder;
- the Holder acknowledges that the Holder is solely liable for any taxes and similar or related payments imposed on the Holder under the laws of any applicable jurisdiction as a result of the Holder's participation in the Consent Solicitation and agrees that the Holder will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against the Authority, the Solicitation Agent, the Information Agent or the Trustee or any other person in respect of such taxes;
- the Holder does hereby release and forever discharge the Trustee and its employees, officers, directors and affiliates, and agents, predecessors and successors, of and from any and all manner of actions, causes of actions, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands whatsoever in law or in equity arising from and relating to the execution of the Supplemental Indenture to give effect to the Proposed Amendments and any transactions contemplated in connection with the Consents and the Consent Solicitation;
- the Holder authorizes, directs and requests that the Trustee enter into the Supplemental Indenture and related documents to which it is a party to give effect to the Proposed Amendments;
- the Holder empowers, authorizes and requests the Trustee to do all such other things as may be necessary or expedient to carry out and give effect to the Consents or the Consent Solicitation;

- the Holder declares and acknowledges that none of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent or the Trustee will be held responsible for any liabilities or consequences arising as a result of acts taken by any of them pursuant to the terms of the Consent Solicitation or this Statement;
- the Holder declares and acknowledges that none of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates makes any recommendation as to whether a Holder of the Bonds should consent to the Proposed Amendments;
- this Statement and the transactions contemplated hereby will not be deemed to be investment advice or a recommendation as to a course of conduct by any of the Authority, the Solicitation Agent, the Information Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates;
- in delivering a Consent in accordance with DTC's ATOP procedures, the Holder has made an independent investment decision in consultation with its own agents and professionals;
- the Holder declares and acknowledges that such Holder is not (a) a person that is, or is owned or controlled by a person that is, described or designated as a "specially designated national" or "blocked person" in the most current U.S. Treasury Department list of "Specially Designated National and Blocked Persons" or an entity included in the Sectoral Sanctions Identifications List or in the European Union and/or UK Consolidated Lists of financial sanctions; (b) a person that is organized, resident or located in a country or territory subject to comprehensive or country-wide economic sanctions; (c) currently subject to, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, the United Kingdom, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organizations and individuals under the European Union's Common Foreign and Security Policy; or (d) a person acting for or on behalf of any of the foregoing parties (each, a "**Sanctions Restricted Person**"). The representation set out above is not given to any person if and to the extent that it is or would be unenforceable by reason of breach of, or would result in a violation of, or conflict with, Council Regulation (EC) No 2271/96 of 22 November 1996 (the "**Blocking Regulation**") (or any law or regulation implementing the Blocking Regulation in any member state of the European Union) or (ii) the blocking Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

***No Letter of Transmittal or Consent Form***

No consent form or letter of transmittal needs to be executed in relation to the Consent Solicitation or the Consents. The valid electronic delivery of Consents through the temporary transfer and surrender of existing Bonds in accordance with DTC's ATOP procedures shall constitute a written consent to the Consent Solicitation.



## **Book-Entry Transfer**

The Tabulation Agent will establish ATOP accounts (i.e., Contra CUSIP) on behalf of the Authority with respect to the Bonds held in DTC within three business days after the date of this Statement. The Tabulation Agent and DTC will confirm that the Consent Solicitation is eligible for ATOP, whereby DTC Participants may make book-entry delivery of Consents by causing DTC to transfer Bonds into the Contra CUSIP or electronically deliver the Consents. Deliveries of Consents are effected through the ATOP procedures by delivery of an Agent's Message by DTC to the Tabulation Agent.

The Bonds for which a Consent has been delivered through ATOP as part of the Consent Solicitation prior to the Expiration Date will be held under one or more temporary CUSIP numbers (i.e., Contra CUSIP) during the period beginning at the time the DTC Participant electronically delivers a Consent and ending on the earliest of (i) the date on which the DTC Participant revokes its Consent, (ii) the Expiration Date, (iii) the Settlement Date and (iv) the Outside Date.

The delivery of a Consent will not affect a Holder's right to sell or transfer the Bonds. The transfer of Bonds after the Record Date will not have the effect of revoking any Consent theretofore validly given by a Holder, and each Consent validly given will be counted notwithstanding any transfer of the Bonds to which such Consent relates, unless the procedures for revoking Consents described herein have been complied with.

## **Revocation of Consents**

Each Holder who delivers a Consent pursuant to the Consent Solicitation will agree that: (a) it cannot revoke its Consent after the Consent Effective Time and (b) until the Consent Effective Time, it will not revoke its Consent except in accordance with the conditions and procedures for revocation of Consents provided below. Each properly delivered Consent will be counted, notwithstanding any transfer of the Bonds to which such Consent relates, unless the procedure for revocation of Consents provided below has been followed. The Authority will make prompt public disclosure on EMMA of the occurrence of the Expiration Date.

Prior to the Revocation Deadline, but not thereafter, any Holder may revoke any Consent given as to its Bonds or any portion thereof, in minimum denominations of \$5,000.00 and integral multiples of \$5,000.00 in excess thereof. A Holder desiring to revoke a Consent must deliver a revocation of such Consent in the form described below, indicating such Holder's revocation of Consent and the total principal amount of Bonds that such Holder holds to which the revocation relates. A revocation of a Consent may only be rescinded by the delivery of a notice of revocation of the Consent, in accordance with the procedures herein described by the Holder who delivered such revocation.

A Holder may revoke a Consent only if such revocation complies with the provisions of this Statement. The Authority reserves the right to contest the validity of any revocation and all questions as to the validity (including time of receipt) of any revocation will be determined by the Authority in its sole discretion, which determination will be conclusive and binding subject only to the rights of the Trustee to accept satisfactory evidence of such consents.

All revocations of Consents must be delivered in accordance with the customary procedures of DTC's ATOP. None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates or any other person will be under any duty to give notification of any defects or irregularities with respect to any revocation nor shall any of them incur any liability for failure to give such notification.

Any Consents given with respect to the Supplemental Indenture may not be revoked after the Revocation Deadline.

### **Solicitation Agent**

The Authority has retained Goldman Sachs & Co. LLC as solicitation agent. The Solicitation Agent will solicit Consents and will receive a customary fee for such services and reimbursement of their documented and reasonable out-of-pocket expenses, only if the Required Consents are obtained (but regardless of whether or not the Consent Effective Time occurs). The Authority has agreed to indemnify the Solicitation Agent and certain related persons against certain liabilities in connection with the Consent Solicitation.

The Solicitation Agent and its respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Authority or any of its respective affiliates. The Solicitation Agent has received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of its business activities, the Solicitation Agent and its respective affiliates may make or hold a broad array of investments and actively trade debt securities (or related derivative securities) and financial instruments (including bank loans) of the Authority, including the Bonds, for its own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Authority or any of its respective affiliates. In particular, at any time, the Solicitation Agent and its respective affiliates may trade the Bonds for their own accounts, or for the accounts of their customers, and accordingly may hold long or short positions in the Bonds. The Solicitation Agent and its respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Solicitation Agent assumes no responsibility for the accuracy or completeness of the information contained in this Statement or for any failure by the Authority to disclose events that may affect the significance or accuracy of that information.

### **Information Agent and Tabulation Agent**

The Authority has retained Globic Advisors as the Information Agent and Tabulation Agent for the Consent Solicitation. As Information Agent, Globic Advisors will be responsible for answering questions concerning the terms of the Consent Solicitation and providing additional copies of this Statement. As Tabulation Agent, Globic Advisors will be responsible for collecting Consents and for receiving instructions from the Authority to accept Consents. Globic Advisors will receive a customary fee for such services and reimbursement of its documented and reasonable out-of-pocket expenses.

None of the Authority, the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates makes (x) any recommendation as to whether or not Holders should deliver any Consent or (y) except as expressly set forth herein, any representations or warranties in connection with the Proposed Amendments.

None of the Solicitation Agent, the Information Agent, the Tabulation Agent, the Trustee or any of their respective affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Authority or the Bonds contained in this Statement or for any failure by the Authority to disclose events that may have occurred and may affect the significance or accuracy of that information.

## **BOND INSURER**

Build America Mutual Assurance Company, as bond insurer for the 2020 Bonds and the 2024 Bonds (the “**Bond Insurer**”) has indicated it is willing to grant its consent to the Proposed Amendments as required by the Indenture, subject to its review and approval of any changes to the Supplemental Indenture and the Authority’s satisfaction of routine closing conditions (the “**Bond Insurer Consent**”), and the 2020 Bonds and the 2024 Bonds remain insured.

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## **THE 2020A BOND**

The Authority issued and sold the 2020A Bond to Fulton Bank, N.A. (the “**Bank**”), pursuant to a private placement. The Consent Solicitation has been provided to the Bank as Holder of the 2020A Bond for their review and consideration.

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## THE PROPOSED AMENDMENTS

The Indenture currently provides that for so long as any Bonds are Outstanding under the Indenture, the Authority may incur Subordinated Indebtedness if the documents pursuant to which any Subordinated Indebtedness is incurred include certain provisions as outlined therein.

The Proposed Amendments seek to amend the Indenture to authorize the creation of a special subclass of Subordinated Indebtedness to be incurred by the Authority under a federal or state revolving or non-revolving loan program (“**Agency Loan Fund Subordinated Indebtedness**”), such as the loan program sponsored by Pennvest. Pursuant to the Proposed Amendments, Agency Loan Fund Subordinated Indebtedness could be incurred by the Authority if the documents pursuant to which the debt is incurred provide as follows:

- (1) debt service payments on the Agency Loan Fund Subordinated Indebtedness shall be made solely from amounts available in the Subordinated Indebtedness Fund under the Indenture; and
- (2) upon an event of default, holders of Agency Loan Fund Subordinated Indebtedness may not exercise any remedies with respect to the revenues pledged by the Authority for repayment of the Bonds and the Subordinated Indebtedness, unless and until the Trustee shall have instituted proceedings to accelerate the principal of the Bonds pursuant to the Indenture.

The Proposed Amendments also seek to amend the Indenture to restrict the ability of the Authority to incur Agency Loan Fund Subordinated Indebtedness, by adding a new debt service coverage ratio covenant which requires the Authority to demonstrate annually that the Service Charges imposed under the Concession Agreement, together with other Cash Available for Debt Service, is at least equal to 100% of the Debt Service Requirements with respect to the Authority’s Outstanding Bonds, Additional Parity Indebtedness, and Subordinated Indebtedness, including Agency Loan Fund Subordinated Indebtedness. Prior to incurring any Agency Loan Fund Subordinated Indebtedness, the Authority must demonstrate that after giving effect to the incurrence of such debt, the Authority will meet the 100% debt service coverage ratio covenant.

Set forth below is a summary description of the proposed modifications to the Indenture for which the Consents of the Holders are being solicited by this Statement. This description does not purport to be comprehensive or definitive and is qualified by reference to the full provisions of the Indenture, which may be obtained from the Information Agent, and the proposed form of Supplemental Indenture, which is set forth in APPENDIX A of this Statement.

**THE AUTHORITY proposes to enter into the Supplemental Indenture amending the original Indenture as follows:**

\* \* \* \*

*The following new defined terms would be added to the Indenture:*

“**Clean Water State Revolving Loan Fund**” means that Agency Loan Fund established by the Commonwealth and managed by Pennvest and the Pennsylvania Department of Environmental Protection in connection with the administration of loans for water infrastructure projects including municipal wastewater facilities, non-point source

pollution control, decentralized wastewater treatment systems, stormwater runoff mitigation, green infrastructure, estuary protection, and water reuse.

**“Drinking Water State Revolving Loan Fund”** means that Agency Loan Fund established by the Commonwealth and managed by Pennvest and the Pennsylvania Department of Environmental Protection in connection with the administration of loans for projects affecting the quality of drinking water such as improvements in drinking water treatment, water distribution infrastructure, water supply sources, replacing or constructing water storage tanks, connection of two or more water systems, and the construction of new water systems.

**“Agency Loan Fund”** means a revolving or non-revolving loan and/or grant fund established by or on behalf of the United States of America or any agency or instrumentality of the United States of America, or any state of the United States of America or any subdivision, agency or instrumentality thereof, to provide funding for projects of the type which (i) are for a purpose identified in Section 3.01 of the Indenture; and (ii) may be financed by the Authority through the incurrence of Agency Loan Fund Subordinated Indebtedness in accordance with the provisions of Section 3.07 of the Indenture. The term includes, but is not limited to, (i) the Clean Water State Revolving Loan Fund, (ii) the Drinking Water State Revolving Loan Fund, and (iii) the WIFIA Loan Fund.

**“Agency Loan Fund Subordinated Indebtedness”** means Subordinated Indebtedness incurred by the Authority in accordance with the provisions of Section 3.07 of the Indenture and which evidences a loan made to the Authority from an Agency Loan Fund.

**“Agency Loan Fund Subordinated Indebtedness Certificate”** means, in connection with the proposed incurrence of Agency Loan Fund Subordinated Indebtedness, a Chief Financial Officer’s Certificate confirming that either (i) the total Service Charges, together with other Cash Available for Debt Service, for the most recent Fiscal Year for which audited Financial Statements are available, was equal to at least 100% of the Debt Service Requirements with respect to the Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated Indebtedness (including the Agency Loan Fund Subordinated Indebtedness proposed to be incurred), for such Fiscal Year, or (ii) the total Service Charges, together with other Cash Available for Debt Service, as set forth in the Annual Budget for the current Fiscal Year, is projected to be equal to at least 100% of the Debt Service Requirements with respect to the Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated Indebtedness (including the Agency Loan Fund Subordinated Indebtedness proposed to be incurred), for such Fiscal Year.

**“WIFIA Loan Fund”** means any Agency Loan Fund established by or on behalf of the United States or any agency or instrumentality of the United States pursuant to the Water Infrastructure Finance and Innovation Act of 2014.

***The following new Section 3.07 would be added to the Indenture:***

Section 3.07 Agency Loan Fund Subordinated Indebtedness.

(a) The Authority may incur Agency Loan Fund Subordinated Indebtedness from time to time for any lawful purpose of the Authority, but only if the Authority shall have delivered to the Trustee the materials required by subsections (b), (d), (h)(ii), (i) and (j) (if applicable to the Agency Loan Fund Subordinated Indebtedness being incurred and as if such Agency Loan Fund Subordinated Indebtedness were Additional Bonds), of Section 3.02 hereof.

(b) The documents pursuant to which any Agency Loan Fund Subordinated Indebtedness is incurred shall provide, among other things, that so long as any Bonds are Outstanding hereunder or any Parity Reimbursement Obligations remain unsatisfied or any Parity Swap Payment remains unpaid:

(1) all payments in respect of any Agency Loan Fund Subordinated Indebtedness shall be made by the Trustee solely from moneys in the Subordinated Indebtedness Fund, at the times and subject to the conditions provided for herein; and

(2) notwithstanding the occurrence of any event of default in respect of any Agency Loan Fund Subordinated Indebtedness, the holders of any Agency Loan Fund Subordinated Indebtedness may not exercise any remedies with respect to the Concession Revenues unless and until the Trustee shall have instituted proceedings under Section 11.03 of the Indenture to exercise its rights to accelerate the principal of the Bonds pursuant to Section 11.02 of the Indenture.

(c) The Authority shall not incur any Agency Loan Fund Subordinated Indebtedness unless there shall have been delivered to the Trustee, with respect to such Agency Loan Fund Subordinated Indebtedness: (i) the materials that would be required to be delivered to the Trustee in connection with the issuance of a Series of Bonds pursuant to subsections (b), (d), and either (g) or (i), as applicable, of Section 3.02 hereof, taking into account the Debt Service Requirements on the Agency Loan Fund Subordinated Indebtedness and the application of the proceeds thereof; (ii) a copy of any agreements (collectively, the "Agency Loan Fund Subordinated Indebtedness Agreement") providing for the repayment of and security for such Agency Loan Fund Subordinated Indebtedness, which Agency Loan Fund Subordinated Indebtedness Agreement complies with the provisions of Section 3.07(b) hereof; (iii) a schedule setting forth the debt service requirements on the Agency Loan Fund Subordinated Indebtedness, the dates on which scheduled debt service payments on the Agency Loan Fund Subordinated Indebtedness are due, and the amounts due on each such date; (iv) the consent of the Bond Insurer for the 2020 Bonds and the 2024 Bonds to the incurrence of Agency Loan Fund Subordinated Indebtedness, provided, however, that such consent shall not be required in connection with Agency Loan Fund Subordinated Indebtedness proposed to be incurred through a loan from the Drinking Water State Revolving Loan Fund or the Clean Water State Revolving Loan Fund; and (v) an Agency Loan Fund Subordinated Indebtedness Certificate.

(d) The Trustee, with the consent of the Bond Insurer for the 2020 Bonds and the 2024 Bonds, is authorized to execute and deliver such instruments, agreements and other materials in connection with the issuance of Agency Loan Fund Subordinated

Indebtedness as may be necessary or convenient to evidence that such Agency Loan Fund Subordinated Indebtedness is secured by a lien on and security interest in the Concession Revenues, subordinate to the lien and security interest granted to the Bondholders hereunder. Notwithstanding the foregoing, the agreements executed in connection with the issuance of Agency Loan Fund Subordinated Indebtedness may provide that such Agency Loan Fund Subordinated Indebtedness may be further secured by a separate debt service reserve fund, held solely for the benefit of the holders of the Agency Loan Fund Subordinated Indebtedness secured thereby.

(e) The Authority shall promptly provide written notice to the Trustee and the Bond Insurer for the 2020 Bonds and the 2024 Bonds of the occurrence of any event of default under an Agency Loan Fund Subordinated Indebtedness Agreement. The Authority shall file a copy of this notice concurrently to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

***Section 10.01(b) would be amended and restated in its entirety to provide as follows (underlined provisions are new language):***

(b) In addition to the requirements of Section 10.01(a), the Authority covenants that it shall maintain, charge and collect such Service Charges which, together with other Cash Available for Debt Service, shall be at all times at least sufficient to provide annually:

(1) Funds to pay all of the Operation and Maintenance Expenditures of the Authority;

(2) An amount equal to 120% of the Debt Service Requirements with respect to the Bonds and Additional Parity Indebtedness during the then current Fiscal Year of the Authority; and

(3) An amount equal to 100% of the Debt Service Requirements with respect to the Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated Indebtedness based on the most recent Fiscal Year for which audited Financial Statements of the Authority are available.

\* \* \* \*

Holders, by delivery of their Consents, will also authorize the making of any and all changes to the Supplemental Indenture necessary to give effect to the Proposed Amendments, including any and all conforming changes (as determined in good faith by the Authority).

The Supplemental Indenture will effect the Proposed Amendments. By delivering a Consent, a Holder of Bonds authorizes, directs and requests that the Trustee enter into and deliver all necessary consents, directions and other documentation to effect the Supplemental Indenture giving effect to the Proposed Amendments.

#### **Certain Authorizations**

**By delivering a Consent, a Holder of the Bonds authorizes, directs and requests that the Trustee enter into the Supplemental Indenture to give effect to the Proposed Amendments.**



## **FEES AND EXPENSES**

The Authority will bear all the costs of the Consent Solicitation, including the documented fees and expenses of the Information Agent, the Tabulation Agent, the Solicitation Agent, and each of their legal counsels. The Authority will pay the Trustee reasonable and customary compensation for its services in connection with the Consent Solicitation, plus reimbursement for documented and reasonable out-of-pocket expenses. The Authority will pay all other fees and documented and reasonable out-of-pocket expenses attributable to the Consent Solicitation, other than expenses incurred by Holders of Bonds.

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## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain U.S. federal income tax considerations relating to the Proposed Amendments and the receipt of a Consent Payment in connection with the Consent Solicitation (collectively, the “**Bond Modifications**”). It is not a complete description of all of the potential U.S. federal income tax considerations relating to the Consent Solicitation or the Bond Modifications. This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury Regulations promulgated under the Code, administrative rulings and pronouncements and judicial decisions, all as in effect on the date of this Consent Solicitation Statement. Any of these authorities may be changed or subject to differing interpretations, possibly with retroactive effect, so as to result in U.S. federal income tax consequences materially and adversely different from those set forth below.

This discussion applies only to Bonds that are held as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax considerations that may be applicable to a Holder’s particular circumstances or to a Holder that may be subject to special tax rules under U.S. federal income tax laws, including, without limitation, banks, insurance companies or other financial institutions; mutual funds; individual retirement or other tax-deferred accounts; regulated investment companies; real estate investment trusts; tax-exempt entities; brokers or dealers in securities or foreign currencies; U.S. expatriates; traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; U.S. Holders (as defined herein) whose functional currency is not the U.S. dollar; Holders that are required to accelerate the recognition of any item of gross income with respect to Bonds as a result of such income being recognized on an “applicable financial statement” (as defined in the Code), persons who are subject to Section 1061 of the Code, Holders that hold Bonds as part of a hedge, straddle, conversion transaction or other integrated transaction or risk reduction transaction; partnerships or other passthrough entities (or investors in such entities); persons who acquired Bonds in connection with employment or the performance of services; controlled foreign corporations; or passive foreign investment companies. In addition, this discussion does not address the alternative minimum tax, or the Medicare tax on certain investment income.

This discussion does not address tax considerations arising under U.S. federal tax laws other than income tax laws (such as estate and gift tax laws), the laws of any non-U.S., state or local jurisdiction or any applicable tax treaty.

For purposes of this discussion, the term “**U.S. Holder**” means a Holder of a Bond that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that (a) is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person. The term “**Non-U.S. Holder**” means a Holder of a Bond that is, for U.S. federal income tax purposes, an individual, corporation, estate, or trust that is not a U.S. Holder.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds a Bond, the U.S. federal income tax treatment of a partner in the partnership will depend on the status of the partner and the activities of the partnership. If a Holder is a partner in an entity or arrangement treated as a partnership that holds a Bond, such Holder should consult its own tax advisor.

No ruling has been or will be sought from the Internal Revenue Service (the “**IRS**”) regarding any tax consequences relating to the matters discussed herein. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of those summarized below.

***Holders should consult their own tax advisors regarding the application of U.S. federal income tax laws to their particular situation, as well as any tax consequences of the adoption of the Proposed Amendments and the receipt of Consent Payments arising under other U.S. federal tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.***

## **Effect of Bond Modifications**

The U.S. federal income tax consequences of the Bond Modifications relating to a particular Bond will depend on whether the Bond Modifications with respect to such Bond result in a “significant modification” and therefore a deemed exchange of such “old” Bond for a “new” Bond for U.S. federal income tax purposes.

Under applicable Treasury Regulations, the modification of a debt instrument (including any Bond) generally is “significant” if, based on all relevant facts and circumstances, and collectively taking into account (subject to certain exceptions) all modifications of such debt instrument, the legal rights or obligations that are altered and the degree to which they are altered are “economically significant.” In addition, the applicable Treasury Regulations provide that a modification that adds, deletes or alters customary accounting or financial covenants does not give rise to a “significant modification” of the debt instrument, although there is no authority addressing the types of covenants that are considered “customary accounting or financial covenants” in this context.

Although the issue is not free from doubt, the Authority intends to take the position that the Proposed Amendments do not result in a deemed exchange of an “old” Bond for a “new” Bond for U.S. federal income tax purposes because the Proposed Amendments either add, delete or alter customary accounting or financial covenants, and/or the legal rights or obligations that are altered by such Proposed Amendments and the degree to which they are altered should not be viewed as “economically significant.”

The applicable Treasury Regulations also provide that a change in the yield of a debt instrument is a significant modification if the annual yield of the modified instrument varies from the annual yield of the unmodified instrument, determined as of the date of the modification, by more than the greater of 25 basis points or 5% of the annual yield of the unmodified instrument. In calculating the annual yield of the modified debt instrument, payments made as consideration for the modification, such as a Consent Payment, are taken into account as an adjustment to the issue price of the modified debt instrument. The change in yield resulting from the receipt of a Consent Payment by a Holder with respect to a Bond is not expected to cause a significant modification of such Bond under the applicable Treasury Regulations.

Note, however, that in the event that the timing or amount of a Consent Payment with respect to a particular Bond would result in a reissuance of such Bond, the Authority reserves the right to amend or cancel the relevant Consent Payment for such Bond without making changes to Consent Payments made in respect of any other Bonds in order to avoid a reissuance of such Bond. In the event that the Authority elects to amend or cancel a Consent Payment with respect to any Bond to avoid a reissuance, any Holder that has delivered a Consent and is impacted by such amended or cancelled Consent Payment shall be given the opportunity to revoke its Consent prior to the Consent Effective Time, regardless of whether the Revocation Deadline has passed.

Accordingly, and subject to the above, the Authority intends to take the position that, under the applicable Treasury Regulations, none of the implementation of the Proposed Amendments relating to any Bond, the receipt of the Consent Payment relating to any such Bond, nor a combination thereof should result in a significant modification of any such Bond.

If, contrary to the Authority's view, a Bond were treated as significantly modified for U.S. federal income tax purposes as a result of the Proposed Amendments, or the receipt of a Consent Payment with respect thereto (or a combination of both), the Holder of such Bond would be deemed to exchange such "old Bond" for a "new Bond" and the tax consequences to such Holder may differ materially from those described in this discussion. This could include, among other consequences, the recognition of gain or loss to a Holder. Except where otherwise stated, the remainder of this discussion assumes that the Bond Modifications will not result in a significant modification of the Bonds and accordingly that none of the Bonds will be characterized for federal tax law purposes as having been re-issued as a result of the Proposed Amendments or the receipt of a Consent Payment with respect thereto.

## **Consenting U.S. Holders**

### ***In General***

As discussed above, the Authority intends to take the position that the Bond Modifications with respect to each Bond should not result in a significant modification of such Bond. Based on this position, a U.S. Holder of a Bond (i) should not recognize any gain or loss with respect to such Bonds as a result of the Bond Modifications and (ii) should continue to have the same adjusted tax basis (subject to the discussion below with respect to the treatment of the Consent Payment), holding period and accrued market discount (if any) with respect to such Bond as such U.S. Holder had immediately prior to the Bond Modifications.

There can be no assurance, however, that the IRS will not take a different position or that any such position, if taken, would not be sustained by a court. U.S. Holders should consult their tax advisors regarding the risk that the Bond Modifications constitute a significant modification.

### ***Consent Payment***

The U.S. federal income tax treatment of a Consent Payment is uncertain and depends, in part, on whether the Bond Modifications constitute a significant modification for U.S. federal income tax purposes, as described above under "Effect of Bond Modifications."

Based on the Authority's view that the Bond Modifications should not constitute a significant modification of a Bond, the receipt of a Consent Payment by a U.S. Holder may be characterized as either (1) an additional payment with respect to the applicable Bond or (2) a separate fee (taxable as ordinary income) for consenting to the Proposed Amendments. Although the issue is not free from doubt, the Authority intends to take the position that a Consent Payment is a separate fee for consenting to the Proposed Amendments and will constitute ordinary income to a U.S. Holder in the full amount of the payment, without reduction by any portion of the U.S. Holder's basis in the applicable Bond.

U.S. Holders should consult their tax advisors regarding the proper U.S. federal income tax treatment of a Consent Payment.

### ***Information Reporting and Backup Withholding***

In general, information reporting requirements will apply to a Consent Payment to a U.S. Holder, unless such U.S. Holder is an exempt recipient. A U.S. Holder generally will be subject to U.S. federal backup withholding at the applicable rate with respect to the receipt of a Consent Payment unless such U.S. Holder (i) comes within certain exempt categories and, when required, demonstrates this fact, (ii) provides a correct taxpayer identification number ("TIN") and certifies that it is not currently subject to backup

withholding (generally on an IRS Form W-9), and otherwise complies with applicable requirements of the backup withholding rules, or (iii) otherwise establishes an exemption from backup withholding.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a U.S. Holder's tax liability, and may entitle a U.S. Holder to a refund of any excess amounts withheld, provided that the required information is timely furnished to the IRS.

### **Consenting Non-U.S. Holders**

***Effect of Bond Modifications.*** As discussed above (under “– Effect of Bond Modifications”), the Authority intends to take the position that the Bond Modifications should not result in a significant modification, and, based on this position, except with respect to the receipt of the Consent Payment (as discussed below), a Non-U.S. Holder of a Bond should not be subject to any U.S. federal income or withholding tax as a result of the Bond Modifications.

There can be no assurance, however, that the IRS will not take a different position or that any such position, if taken, would not be sustained by a court. Non-U.S. Holders should consult their tax advisors regarding the risk that the Bond Modifications constitute a significant modification.

***Consent Payment.*** The U.S. federal income tax treatment of a Consent Payment is uncertain and depends, in part, on whether the Bond Modifications constitute a significant modification for U.S. federal income tax purposes.

As discussed above under “–Consenting U.S. Holders—Consent Payment”, the Authority intends to take the position that a Consent Payment is a separate fee for consenting to the Proposed Amendments.

Accordingly, the Authority expects that the applicable withholding agent will treat the Consent Payments as subject to U.S. federal withholding tax at a rate of 30% on the full amount of a Consent Payment to a Non-U.S. Holder unless (i) the non-U.S. Holder is engaged in the conduct of a trade or business in the United States to which the receipt of the Consent Payment is effectively connected and provides a properly executed IRS Form W-8ECI or (ii) the Non-U.S. Holder is entitled to an exemption from or reduction in such withholding under an applicable income tax treaty, and the non-U.S. Holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E claiming such exemption or reduction. Non-U.S. Holders should consult their tax advisors with respect to the treatment of a Consent Payment and the application of U.S. federal income tax withholding, including eligibility for a withholding tax exemption or reduction and any refund procedures, including through the filing of a U.S. tax return with the IRS.

***Information Reporting and Backup Withholding.*** Information reporting may apply to a Consent Payment to a Non-U.S. Holder. Copies of the information returns reporting such amounts and any withholding also may be made available by the IRS to the tax authorities in the country in which a Non-U.S. Holder is a resident or organized under the provisions of an applicable income tax treaty or other agreement.

In general, backup withholding will not apply to a Consent Payment to a Non-U.S. Holder, provided that such Non-U.S. Holder (i) provides a properly completed applicable IRS Form W-8 (which can be obtained from the Information Agent or from the IRS website at <http://www.irs.gov> (which website and the information therein is not incorporated herein by reference)) or a suitable substitute form attesting to such Non-U.S. Holder's non-U.S. status or (ii) otherwise establishes an exemption.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules will be allowed as a credit against a Non-U.S. Holder's U.S. federal income tax liability, and may entitle a Non-U.S. Holder to a refund of any excess amounts withheld, provided that the required information is timely furnished to the IRS.

### ***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

**Each Holder should consult its own tax advisor with regards to the Proposed Amendments, the receipt of the Consent Payment and the application of U.S. federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to its particular situation.**

### **Non-Consenting Holders**

As discussed above, the Authority intends to take the position that the Bond Modifications should not result in a significant modification of the Bonds, and based on this position, a U.S. Holder or Non-U.S. Holder that does not consent to the Bond Modifications should not have any U.S. federal income or withholding tax consequences as a result of the Bond Modifications.

However, if the IRS were to successfully assert that a deemed exchange resulted from the adoption of the Proposed Amendments, the tax consequences to a non-consenting Holder may be materially different (as discussed above under "—Effect of Bond Modifications"). Holders that do not consent to the Proposed Amendments should consult their tax advisers regarding the potential tax consequences of the adoption of the Proposed Amendments.

**The foregoing summary is for general information only. Holders should consult their tax advisors as to the specific tax consequences to them of the adoption of the Proposed Amendments and receipt of Consent Payments, including the applicability and effect of any U.S. federal, state and local or non-U.S. tax laws and any applicable tax treaties.**

## **MISCELLANEOUS**

The Authority is not aware of any jurisdiction where the making of the Consent Solicitation is not in compliance with applicable law. If the Authority becomes aware of any such jurisdiction, the Authority will make a good faith effort to comply with applicable law or seek to have such law declared inapplicable to the Consent Solicitation. If, after such good faith effort, the Authority cannot comply with any such law, the Consent Solicitation will not be made to Holders residing in such jurisdiction.

No person has been authorized to give any information or make any representation with respect to the Consent Solicitation on the Authority's behalf that is not contained in this Statement, and, if given or made, such information or representation should not be relied upon.

None of the Authority, the Solicitation Agent, the Information Agent, the Trustee or any of their respective directors, officers, employees, agents or affiliates makes any recommendation to any Holder as to whether to deliver Consents. Holders must make their own decision as to whether to deliver Consents.

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Any question regarding procedures for delivering Consents or request for additional copies of this Statement should be directed to the Information Agent:

***The Information Agent and Tabulation Agent for this Consent Solicitation is:***

**Globic Advisors**

Attention: Robert Stevens

Phone: (212) 227-9622

Email: [rstevens@globic.com](mailto:rstevens@globic.com)

Document Website: [www.globic.com/lehighcountyauthority](http://www.globic.com/lehighcountyauthority)

***The Solicitation Agent for this Consent Solicitation is:***

**Goldman Sachs & Co. LLC**

200 West Street

New York, New York 10282

Attention: Ken Ukaigwe

Phone: (212) 357-3189

E-mail: [ken.ukaigwe@gs.com](mailto:ken.ukaigwe@gs.com)



**APPENDIX A**

**PROPOSED FORM OF 2025-1 SUPPLEMENTAL TRUST INDENTURE**

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LEHIGH COUNTY AUTHORITY

to

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Trustee

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2025-1 SUPPLEMENTAL TRUST INDENTURE  
DATED AS OF OCTOBER 1, 2025  
AND EFFECTIVE OCTOBER \_\_\_, 2025

THE AMENDMENTS CONTAINED HEREIN BECAME  
OPERATIVE ON OCTOBER \_\_\_, 2025.

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## 2025-1 SUPPLEMENTAL TRUST INDENTURE

THIS 2025-1 SUPPLEMENTAL TRUST INDENTURE dated as of October 1, 2025 (this “2025-1 Supplemental Indenture”), is by and between LEHIGH COUNTY AUTHORITY (the “Authority”), a body corporate and politic duly organized and validly existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), and MANUFACTURERS AND TRADERS TRUST COMPANY (together with its successors hereunder, the “Trustee”), a corporation with trust powers organized and existing under the laws of the state of New York acting through its corporate trust office in Harrisburg, Dauphin County, Pennsylvania.

### WITNESSETH:

WHEREAS, the Authority is a body corporate and politic organized by the Board of County Commissioners of the County of Lehigh, Pennsylvania under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §5601 *et seq.*, as amended (the “Act”); and

WHEREAS, the City of Allentown, Pennsylvania (the “City”) owns the Allentown Sewer Utility System and the Allentown Water Plant and Distribution System; and

WHEREAS, pursuant to the terms and conditions of the Allentown Water and Sewer Utility System Concession and Lease Agreement dated as of May 1, 2013, as amended, including by that Allentown Water and Sewer Utility System Amended and Restated Concession and Lease Agreement dated as of September 1, 2020, and effective September 17, 2020 (the “Concession Agreement”), by and between the City and the Authority, the City leased the Concessioned System to the Authority, as concessionaire, and granted to the Authority the right to operate the Concessioned System in order to provide utility services and collect revenues therefrom and in connection therewith, all in accordance with the provisions of the Concession Agreement; and

WHEREAS, the Authority, in connection with the lease and operation of the Concessioned System pursuant to the Concession Agreement, has from time to time issued bonds under and pursuant to a Trust Indenture dated as of August 1, 2013, as Amended and Restated by that Amended and Restated Trust Indenture between the Authority and the Trustee dated as of September 1, 2020, and effective September 17, 2020, as further amended and supplemented from time to time (the “Existing Indenture”); and

WHEREAS, as of the date hereof the following bonds are Outstanding under the Existing Indenture: (1) Water and Sewer Capital Appreciation Revenue Bonds (City of Allentown Concession), Series 2013B; (2) Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2020 (Federally Taxable); (3) Water and Sewer Revenue Bond (City of Allentown Concession), Series A of 2020 (Federally Taxable); and (4) Water and Sewer Revenue Bonds, (City of Allentown Concession), Series 2024 (collectively, the “Bonds”); and

WHEREAS, Section 3.05(a) of the Existing Indenture provides the Authority, under certain conditions, may incur Subordinated Indebtedness from time to time for any lawful purpose of the Authority; and

WHEREAS, among other conditions to the incurrence of Subordinated Indebtedness, Section 3.05(b) of the Existing Indenture provides that the documents pursuant to which any Subordinated Indebtedness is incurred shall include certain provisions which shall remain in effect for so long as any Bonds are Outstanding under the Existing Indenture, or any Parity Reimbursement Obligations remain unsatisfied or any Parity Swap Payment remains unpaid; and

WHEREAS, the Authority desires to incur Subordinated Indebtedness under and pursuant to the Existing Indenture as supplemented by this 2025-1 Supplemental Indenture (as supplemented, the “Indenture”) to finance additional capital improvements to the Allentown Water Plant and Distribution System, to evidence one or more subordinate revenue bonds which may be sold to the Pennsylvania Infrastructure Investment Authority (“Pennvest”); and

WHEREAS, the Authority has received from Pennvest a funding offer bearing Project Number 391587162404-LR, consisting of a loan in the amount of \$5,660,930.00 and a grant in the form of a principal forgiveness loan in the amount of \$6,337,070.00 (the “Funding Offer”); and

WHEREAS, it is a condition of the Funding Offer that the Authority amend the Existing Indenture as it relates to the incurrence of Subordinated Indebtedness by the Authority in connection with subordinate revenue bonds which may be sold to Pennvest; and

WHEREAS, Section 13.02(a) of the Existing Indenture provides that with the consent of the Bondholders of a majority in aggregate principal amount of the Bonds (or the Compound Accreted Value with respect to any capital appreciation bond) then Outstanding, the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture for the purpose of adding any provisions or changing in any manner or eliminating any of the provisions of the Existing Indenture; and

WHEREAS, the Authority desires to enter into this 2025-1 Supplemental Indenture for the purpose of, *inter alia*, adding the new Section 3.07 to the Existing Indenture to provide for the incurrence of a subclass of Subordinated Indebtedness, referred to as “Agency Loan Fund Subordinated Indebtedness,” as such term is defined herein (the “Amendment Project”); and

WHEREAS, the Board of the Authority, on April 28, 2025 authorized the undertaking of the Amendment Project; and

WHEREAS, the execution and delivery of this 2025-1 Supplemental Indenture has been duly authorized by the Authority, and all things necessary to constitute this 2025-1 Supplemental Indenture a valid, binding and legal granting of an interest in, and pledge of, the security, as provided in the Indenture, as hereby supplemented, have been duly done and performed; and

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

## **ARTICLE I DEFINITIONS**

Section 1.01 Definitions. The terms previously defined in the recitals hereto and in the Existing Indenture shall, for all purposes of the Indenture, have the meanings therein specified, unless the context clearly otherwise requires. In addition, the following terms shall have the following meanings herein, unless the context clearly otherwise requires:

“Clean Water State Revolving Loan Fund” means that Agency Loan Fund established by the Commonwealth and managed by Pennvest and the Pennsylvania Department of Environmental Protection in connection with the administration of loans for water infrastructure projects including municipal wastewater facilities, non-point source pollution control, decentralized wastewater treatment systems, stormwater runoff mitigation, green infrastructure, estuary protection, and water reuse.

“Drinking Water State Revolving Loan Fund” means that Agency Loan Fund established by the Commonwealth and managed by Pennvest and the Pennsylvania Department of Environmental Protection in connection with the administration of loans for projects affecting the quality of drinking water such as improvements in drinking water treatment, water distribution infrastructure, water supply sources, replacing or constructing water storage tanks, connection of two or more water systems, and the construction of new water systems.

“Agency Loan Fund” means a revolving or non-revolving loan and/or grant fund established by or on behalf of the United States of America or any agency or instrumentality of the United States of America, or any state of the United States of America or any subdivision, agency or instrumentality thereof, to provide funding for projects of the type which (i) are for a purpose identified in Section 3.01 of the Indenture; and (ii) may be financed by the Authority through the incurrence of Agency Loan Fund Subordinated Indebtedness in accordance with the provisions of Section 3.07 of the Indenture. The term includes, but is not limited to, (i) the Clean Water State Revolving Loan Fund, (ii) the Drinking Water State Revolving Loan Fund, and (iii) the WIFIA Loan Fund.

“Agency Loan Fund Subordinated Indebtedness” means Subordinated Indebtedness incurred by the Authority in accordance with the provisions of Section 3.07 of the Indenture and which evidences a loan made to the Authority from an Agency Loan Fund.

“Agency Loan Fund Subordinated Indebtedness Certificate” means, in connection with the proposed incurrence of Agency Loan Fund Subordinated Indebtedness, a Chief Financial Officer’s Certificate confirming that either (i) the total Service Charges, together with other Cash Available for Debt Service, for the most recent Fiscal Year for which audited Financial Statements are available, was equal to at least 100% of the Debt Service Requirements with respect to the Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated Indebtedness (including the Agency Loan Fund Subordinated Indebtedness proposed to be incurred), for such Fiscal Year, or (ii) the total Service Charges, together with other Cash Available for Debt Service, as set forth in the Annual Budget for the current Fiscal Year, is projected to be equal to at least 100% of the Debt Service Requirements with respect to the Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated

Indebtedness (including the Agency Loan Fund Subordinated Indebtedness proposed to be incurred), for such Fiscal Year.

“WIFIA Loan Fund” means any Agency Loan Fund established by or on behalf of the United States or any agency or instrumentality of the United States pursuant to the Water Infrastructure Finance and Innovation Act of 2014.

## **ARTICLE II AMENDMENTS TO THE EXISTING INDENTURE**

Section 2.01 Amendments. The Existing Indenture is hereby amended as follows:

(a) New Section 3.07 [Agency Loan Fund Subordinated Indebtedness] is added to Article III of the Existing Indenture:

Section 3.07 Agency Loan Fund Subordinated Indebtedness.

(a) The Authority may incur Agency Loan Fund Subordinated Indebtedness from time to time for any lawful purpose of the Authority, but only if the Authority shall have delivered to the Trustee the materials required by subsections (b), (d), (h)(ii), (i) and (j) (if applicable to the Agency Loan Fund Subordinated Indebtedness being incurred and as if such Agency Loan Fund Subordinated Indebtedness were Additional Bonds), of Section 3.02 hereof.

(b) The documents pursuant to which any Agency Loan Fund Subordinated Indebtedness is incurred shall provide, among other things, that so long as any Bonds are Outstanding hereunder or any Parity Reimbursement Obligations remain unsatisfied or any Parity Swap Payment remains unpaid:

(1) all payments in respect of any Agency Loan Fund Subordinated Indebtedness shall be made by the Trustee solely from moneys in the Subordinated Indebtedness Fund, at the times and subject to the conditions provided for herein; and

(2) notwithstanding the occurrence of any event of default in respect of any Agency Loan Fund Subordinated Indebtedness, the holders of any Agency Loan Fund Subordinated Indebtedness may not exercise any remedies with respect to the Concession Revenues unless and until the Trustee shall have instituted proceedings under Section 11.03 of this Indenture to accelerate the principal of the Bonds pursuant to Section 11.02 of this Indenture.

(c) The Authority shall not incur any Agency Loan Fund Subordinated Indebtedness unless there shall have been delivered to the Trustee, with respect to such Agency Loan Fund Subordinated

Indebtedness: (i) the materials that would be required to be delivered to the Trustee in connection with the issuance of a Series of Bonds pursuant to subsections (b), (d), and either (g) or (i), as applicable, of Section 3.02 hereof, taking into account the Debt Service Requirements on the Agency Loan Fund Subordinated Indebtedness and the application of the proceeds thereof; (ii) a copy of any agreements (collectively, the “Agency Loan Fund Subordinated Indebtedness Agreement”) providing for the repayment of and security for such Agency Loan Fund Subordinated Indebtedness, which Agency Loan Fund Subordinated Indebtedness Agreement complies with the provisions of Section 3.07(b) hereof; (iii) a schedule setting forth the debt service requirements on the Agency Loan Fund Subordinated Indebtedness, the dates on which scheduled debt service payments on the Agency Loan Fund Subordinated Indebtedness are due, and the amounts due on each such date; (iv) the consent of the Bond Insurer for the 2020 Bonds and the 2024 Bonds to the incurrence of Agency Loan Fund Subordinated Indebtedness, provided, however, that such consent shall not be required in connection with Agency Loan Fund Subordinated Indebtedness proposed to be incurred through a loan from the Drinking Water State Revolving Loan Fund or the Clean Water State Revolving Loan Fund; and (v) an Agency Loan Fund Subordinated Indebtedness Certificate.

(d) The Trustee, with the consent of the Bond Insurer for the 2020 Bonds and the 2024 Bonds, is authorized to execute and deliver such instruments, agreements and other materials in connection with the issuance of Agency Loan Fund Subordinated Indebtedness as may be necessary or convenient to evidence that such Agency Loan Fund Subordinated Indebtedness is secured by a lien on and security interest in the Concession Revenues, subordinate to the lien and security interest granted to the Bondholders hereunder. Notwithstanding the foregoing, the agreements executed in connection with the issuance of Agency Loan Fund Subordinated Indebtedness may provide that such Agency Loan Fund Subordinated Indebtedness may be further secured by a separate debt service reserve fund, held solely for the benefit of the holders of the Agency Loan Fund Subordinated Indebtedness secured thereby.

(e) The Authority shall promptly provide written notice to the Trustee and the Bond Insurer for the 2020 Bonds and the 2024 Bonds of the occurrence of any event of default under an Agency Loan Fund Subordinated Indebtedness Agreement. The Authority shall file a copy of this notice concurrently to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System.



(b) Section 10.01(b) [Service Charges] is hereby amended and restated in its entirety to read as follows:

(b) In addition to the requirements of Section 10.01(a), the Authority covenants that it shall maintain, charge and collect such Service Charges which, together with other Cash Available for Debt Service, shall be at all times at least sufficient to provide annually:

(1) Funds to pay all of the Operation and Maintenance Expenditures of the Authority;

(2) An amount equal to 120% of the Debt Service Requirements with respect to the Bonds and Additional Parity Indebtedness during the then current Fiscal Year of the Authority; and

(3) An amount equal to 100% of the Debt Service Requirements with respect to the Bonds, Additional Parity Indebtedness, Subordinated Indebtedness, and Agency Loan Fund Subordinated Indebtedness based on the most recent Fiscal Year for which audited Financial Statements of the Authority are available.

Section 2.02 Effectiveness of Amendments. This 2025-1 Supplemental Indenture, and the amendments to the Existing Indenture set forth herein, shall become effective only upon: (i) receipt of the consent of registered Owners of not less than a majority in aggregate principal amount of the Bonds (or the Compound Accreted Value with respect to any capital appreciation bond) then Outstanding, in accordance with Section 13.02(a) of the Existing Indenture; and (ii) receipt of the consent of Build America Mutual Assurance Company, as insurer of the 2024 Bonds and the 2020 Bonds issued under and pursuant to the Existing Indenture.

### **ARTICLE III CONCERNING THE TRUSTEE**

Section 3.01 Acceptance of Duties by Trustee. The Trustee accepts the additional duties provided herein and agrees to perform the same upon, under and subject to terms, provisions, covenants and conditions of the Indenture.

Section 3.02 No Responsibility for Recitals, etc.. The Trustee shall not be responsible, in any manner whatsoever, for or with respect to the validity or sufficiency hereof, or for or with respect to the due execution hereof by the Authority, or for or with respect to recitals contained herein, all of which recitals are made by the Authority solely. In general, all terms, provisions, covenants and conditions contained in the Indenture with respect to the Trustee shall apply hereto with the same force and effect as if the same were set forth, in full, herein, with such omissions, variations and modifications thereof as may be appropriate to give effect to provisions hereof.

## **ARTICLE IV MISCELLANEOUS**

Section 4.01 Benefitted Parties. Nothing in this 2025-1 Supplemental Indenture, expressed or implied, is intended or shall be construed to confer upon or give any Person, other than the parties hereto and the Bond Insurer for the 2020 Bonds and the 2024 Bonds, any right, remedy or claim under or by reason of this 2025-1 Supplemental Indenture or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements contained in this 2025-1 Supplemental Indenture are and shall be for the sole and exclusive benefit of the parties hereto and the Bond Insurer for the 2020 Bonds and the 2024 Bonds.

Section 4.02 Successors and Assigns. All the covenants and agreements by or on behalf of the Authority, or by or on behalf of the Trustee, contained in this 2025-1 Supplemental Indenture for all purposes shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.03 Meanings of Terms and Phrases. All terms and phrases used in this 2025-1 Supplemental Indenture for all purposes hereof, shall have the meanings given to such terms and phrases in the Existing Indenture, as supplemented hereby, unless otherwise specifically defined herein or unless the context plainly otherwise requires.

Section 4.04 Governing Law. The laws of the Commonwealth shall govern the construction of this 2025-1 Supplemental Indenture.

Section 4.05 Counterparts. This 2025-1 Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 4.06 Electronic Signatures. The electronic signature of a party to this 2025-1 Supplemental Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this 2025-1 Supplemental Indenture. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means or a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party) in English and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message

Section 4.07 In Full Force and Effect. The Indenture, as supplemented hereby, shall be and remain in full force and effect.

IN WITNESS WHEREOF, LEHIGH COUNTY AUTHORITY has caused this 2025-1 Supplemental Indenture to be executed by the below-identified officers and MANUFACTURERS AND TRADERS TRUST COMPANY has caused this 2025-1 Supplemental Indenture to be executed by an Authorized Officer, all as of the day and year first written above.

LEHIGH COUNTY AUTHORITY

Attest:

\_\_\_\_\_  
Edward C. Klein  
Chief Financial Officer

By: \_\_\_\_\_  
Liesel M. Gross  
Chief Executive Officer

MANUFACTURERS AND TRADERS  
TRUST COMPANY, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**APPENDIX B**  
**SCHEDULE OF COMPOUNDED AMOUNTS PER \$5,000**  
**FOR DETERMINING COMPOUND ACCRETED VALUES**

**Lehigh County Authority**  
**2013B Bonds**

**Schedule of Compounded Amounts per \$5,000 for determining Compound Accreted Values**  
**Record Date 9/18/2025**

| (A)           | (B)                  | (C)                    | (D)                    | (E)                                              | (F)                                                    |
|---------------|----------------------|------------------------|------------------------|--------------------------------------------------|--------------------------------------------------------|
| <u>CUSIP</u>  | <u>Maturity Date</u> | <u>Par at Issuance</u> | <u>Par at Maturity</u> | <u>Compound Accreted Value as of Record Date</u> | <u>Compounded Amount per \$5,000 as of Record Date</u> |
| 524803AK9     | 12/1/2025            | 1,868,322.15           | 3,495,000.00           | 3,459,406.92                                     | <b>4,949.08</b>                                        |
| 524803AL7     | 12/1/2026            | 2,015,020.50           | 4,065,000.00           | 3,815,628.51                                     | <b>4,693.27</b>                                        |
| 524803AM5     | 12/1/2027            | 2,143,720.60           | 4,655,000.00           | 4,131,843.17                                     | <b>4,438.07</b>                                        |
| 524803AN3     | 12/1/2028            | 2,249,365.95           | 5,265,000.00           | 4,407,647.40                                     | <b>4,185.80</b>                                        |
| 524803AP8     | 12/1/2029            | 2,339,586.00           | 5,900,000.00           | 4,649,636.60                                     | <b>3,940.37</b>                                        |
| 524803AQ6     | 12/1/2030            | 2,421,338.50           | 6,550,000.00           | 4,857,755.10                                     | <b>3,708.21</b>                                        |
| 524803AR4     | 12/1/2031            | 2,492,253.30           | 7,230,000.00           | 5,041,291.02                                     | <b>3,486.37</b>                                        |
| 524803AS2     | 12/1/2032            | 2,545,450.70           | 7,930,000.00           | 5,191,564.82                                     | <b>3,273.37</b>                                        |
| 524803AT0     | 12/1/2033            | 2,587,128.50           | 8,650,000.00           | 5,313,971.80                                     | <b>3,071.66</b>                                        |
| 524803AU7     | 12/1/2034            | 2,801,952.30           | 10,045,000.00          | 5,789,134.40                                     | <b>2,881.60</b>                                        |
| 524803AV5     | 12/1/2035            | 3,169,798.20           | 12,170,000.00          | 6,579,953.90                                     | <b>2,703.35</b>                                        |
| 524803AW3     | 12/1/2036            | 3,318,505.00           | 13,625,000.00          | 6,913,079.75                                     | <b>2,536.91</b>                                        |
| 524803AX1     | 12/1/2037            | 3,454,285.25           | 15,175,000.00          | 7,221,296.90                                     | <b>2,379.34</b>                                        |
| 524803AY9     | 12/1/2038            | 3,440,029.80           | 16,180,000.00          | 7,217,153.72                                     | <b>2,230.27</b>                                        |
| <b>Totals</b> |                      | <b>36,846,756.75</b>   | <b>120,935,000.00</b>  | <b>74,589,364.01</b>                             |                                                        |

To determine a 2013B bondholder's Compound Accreted Value as of Record Date for Consent purposes, the following calculation should be followed:

(1) 2013B Bondholder's Par at Maturity; times; Compounded Amount per \$5,000 as of Record Date (F above); divided; by \$5,000.