



CITY OF CHICAGO

DEPARTMENT OF FINANCE

10/23/, 2023

Anna M. Valencia  
Office of the City Clerk  
121 North LaSalle Street  
Room 107  
Chicago, Illinois 60602


RE: WIFIA Bond

Dear Ms. Valencia:

Attached is the Second Lien Bond Determination Certificate which is required to be filed with your office pursuant to Section 3.2.04(e) of an ordinance passed by the City Council on November 07, 2022, as amended on October 4, 2023.

Please direct this filing to the City Council.

Very Truly Yours,

  
Chasse Rehwinkel  
City Comptroller

Chicago City Clerk-Council Div.  
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MARC



**\$336,000,000**  
**CITY OF CHICAGO**  
**SECOND LIEN WATER REVENUE BONDS,**  
**PROJECT SERIES 2023C TAXABLE**

**SECOND LIEN BOND DETERMINATION CERTIFICATE**  
**OF THE CITY COMPTROLLER OF THE CITY OF CHICAGO**

The undersigned, Chasse Rehwinkel, certify that I am the duly appointed and qualified City Comptroller (the “**City Comptroller**”) of the City of Chicago (the “**City**”) and a WIFIA Bond Authorized Officer of the City within the meaning of the hereinafter-defined Bond Ordinance. This Second Lien Bond Determination Certificate (this “**Determination Certificate**”) is being delivered in accordance with the Bond Ordinance and as an accompanying certificate to the record of proceedings pertaining to the issuance by the City of \$336,000,000 aggregate principal amount SECOND LIEN WATER REVENUE BONDS, PROJECT SERIES 2023C TAXABLE (the “**Series 2023C Bonds**”). All capitalized terms used and not otherwise defined herein have the respective meanings assigned thereto in the hereinafter-defined Amended and Restated Master Indenture.

An ordinance adopted by the City Council of the City (the “**City Council**”) on November 7, 2022, as amended by an ordinance adopted by the City Council on October 4, 2023 (as so amended, the “**Bond Ordinance**”), authorized the execution and delivery by the City of the Amended and Restated Master Indenture of Trust, dated as of May 1, 2023 (the “**Amended and Restated Master Indenture**”), from the City to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “**Trustee**”), the Twelfth Supplemental Trust Indenture, dated as of May 1, 2023 (the “**Twelfth Supplemental Indenture**”), from the City to the Trustee, and the Fourteenth Supplemental Trust Indenture, dated as of October 1, 2023 (the “**Fourteenth Supplemental Indenture**” and, together with the Amended and Restated Master Indenture and the Twelfth Supplemental Indenture, the “**Indenture**”), from the City to the Trustee.

Subject to certain limitations set forth therein, the Bond Ordinance delegated authority to the City Comptroller to determine various provisions of the bonds issued thereunder. The City Comptroller is to determine, with respect to the Series 2023C Bonds, the purpose or purposes for which the Series 2023C Bonds are to be issued, the aggregate principal amount of Series 2023C Bonds to be issued, the date thereof, the maturities thereof, any provisions for optional redemption thereof, the schedule of sinking fund payments to be applied to any mandatory redemption thereof, the rate or rates of interest payable thereon, the first interest payment date thereof, the designation and the terms of sale of the Series 2023C Bonds, the interest rate or rates for the Series 2023C Bonds, the identities of the Trustee and the initial purchasers of the Series 2023C Bonds, the amount of any original issue discount, any arrangements made for municipal bond insurance and the determinations made pursuant to the Bond Ordinance with respect to the purpose or purposes for which the Series 2023C Bonds are being issued and the amount or amounts being borrowed for each such purpose, all within the limitations established by the Bond Ordinance.

Chicago City Clerk-Council Div.

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Pursuant to Section 3.2.04 of the Bond Ordinance, subsequent to the sale of the Series 2023C Bonds, the City Comptroller is required to file in the Office of the City Clerk of the City, directed to the City Council, a Determination Certificate setting forth such terms and provisions of the Series 2023C Bonds. I have determined as follows with respect to the Series 2023C Bonds authorized by the Bond Ordinance, in each case within the authority granted to me by the Bond Ordinance.

SECTION 1. **Findings of the City Comptroller.** On behalf of the City, I find and determine as follows.

(a) ***Purchase; WIFIA Loan Agreement.*** The City has received an offer from the United States Environmental Protection Agency, an agency of the United States of America (the “EPA”), acting by and through the Administrator of the Environmental Protection Agency, to purchase the Series 2023C Bonds at the purchase price of their par amount, and to loan the proceeds of the purchase of the Series 2023C Bonds to the City pursuant to a WIFIA Loan Agreement dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), by and between the City and the EPA.

A copy of the WIFIA Loan Agreement is attached to this Determination Certificate as Exhibit A. The WIFIA Loan Agreement is in the form required by the EPA and is consistent with the Bond Ordinance. The sale of the Series 2023C Bonds to the EPA and the loan to the City of the proceeds thereof upon the terms provided in the WIFIA Loan Agreement is in the best interests of the City.

This Determination Certificate is consistent with the terms of sale of the Series 2023C Bonds set forth in the WIFIA Loan Agreement.

(b) ***Committee on Finance Concurrence.*** The Chairman of the Committee on Finance of the City Council has concurred in the acceptance by the City of the WIFIA Loan Agreement as being within the authority granted by the Bond Ordinance.

(c) ***Indenture; Financing Purposes.*** The terms of the Series 2023 Bonds, as specified in this Determination Certificate and the Indenture, provide that the proceeds from the sale of the Series 2023C Bonds will be used to (i) finance the costs of the program of improvements and extensions to the Water System designated by the Commissioner, including, but not limited to, constructing and installing water mains, rehabilitating, upgrading, replacing, repairing, renovating, improving and extending facilities at the water purification plants, improving and extending facilities at any or all of the pumping stations, providing any and all necessary facilities, services and equipment to protect and enhance the safety, integrity and security of the Water System, providing new equipment and technology and rehabilitating existing equipment necessary to continue to provide existing and future customers with the quality and quantity of water required and to meet future customer demand; and Public-side Lead Service Line Replacement; and (ii) pay costs of issuance of the Series 2023C Bonds (the “**Financing Purposes**”). Any changes made by this Determination Certificate to the terms of the Series 2023C Bonds thus will result in the Series 2023C Bonds having substantially the same terms as provided in the Bond Ordinance and the Indenture. A copy of the Amended and Restated Master Indenture is attached to this Determination Certificate as Exhibit B-1. A copy of the Twelfth Supplemental Indenture is attached to this



Determination Certificate as Exhibit B-2. A copy of the Fourteenth Supplemental Indenture is attached to this Determination Certificate as Exhibit B-3.

(d) **Interest Rates.** The interest rate or yield for the Series 2023C Bonds set forth in this Determination Certificate is in my judgment the best rate at which the Series 2023C Bonds can be sold in the market under current circumstances. The interest rate for the Series 2023C Bonds do not exceed 18 percent per year, the maximum interest rate set forth in the Bond Ordinance.

(e) **Approval of Amended and Restated Master Indenture and Fourteenth Supplemental Indenture.** The Series 2023C Bonds will be issued pursuant to the Bond Ordinance, the Amended and Restated Master Indenture and the Fourteenth Supplemental Indenture. Each of the Amended and Restated Master Indenture and the Fourteenth Supplemental Indenture is in similar form to those previously used for similar financings of the City. The Amended and Restated Master Indenture and the Fourteenth Supplemental Indenture contain only such changes and revisions as are consistent with the purposes and intent of the Bond Ordinance, including such changes and revisions as are necessary to reflect the terms and provisions of the Series 2023C Bonds, and I approve all such changes. The Indenture includes such covenants with respect to the imposition of Water System rates, the issuance of Second Lien Parity Bonds, the application of funds in the Water Revenue Fund and the applicable accounts and other matters relating to the Series 2023C Bonds and the security for the Series 2023C Bonds, including the lien status of the Series 2023C Bonds, as I deem necessary in connection with the sale of the Series 2023C Bonds. Such covenants are not inconsistent with the terms of the Bond Ordinance.

(f) **Compliance with Additional Bonds Test.** The issuance of the Series 2023C Bonds with the terms and provisions set forth in this Determination Certificate will comply with the requirements of the Amended and Restated Master Indenture for the issuance of additional Second Lien Parity Bonds as set forth in Section 4.06 of the Amended and Restated Master Indenture. As set forth in Exhibit C attached to this Determination Certificate, Net Revenues Available for Bonds for the last completed Fiscal Year prior to the issuance of the Series 2023C Bonds equal at least 100 percent of the sum of the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the Series 2023C Bonds.

(g) **Financing Purposes Do Not Exceed Authorization.** The amount that will be needed by the City to pay the costs constituting Financing Purposes, taking into account moneys that will be available from other sources (including investment earnings on proceeds of sale of the Series 2023C Bonds during the period before they are applied to pay such costs) to pay such costs, does not exceed the amount authorized by the Bond Ordinance to be issued for Financing Purposes.

## SECTION 2. Terms and Provisions of the Series 2023 Bonds.

(a) **Second Lien Bonds.** The Series 2023C Bonds shall be Second Lien Bonds.

(b) **Designation.** The Series 2023C Bonds shall be designated “SECOND LIEN WATER REVENUE BONDS, PROJECT SERIES 2023C TAXABLE.”

(c) **Purpose of Issuance.** The Series 2023C Bonds shall be issued for the Financing Purposes.





(d) ***Principal Amount.*** The aggregate principal amount of the Series 2023C Bonds shall be \$336,000,000.

(e) ***Serial and Term Bonds.*** The Series 2023C Bonds shall be issued as a single serial bond.

(f) ***Interest.*** The 2023C Bonds will bear interest at a rate of 5.14% per annum. Interest on the Series 2023C Bonds will be payable on each May 1 and November 1, commencing May 1, 2027. Interest shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each.

(g) ***Authorized Denominations, Lettering and Numbering.*** The Series 2023C Bonds shall be in fully registered form and shall be in Authorized Denominations of \$1,000,000 and any integral multiple of \$1 in excess thereof. The Series 2023C Bonds shall be lettered and numbered 2023C R-1.

(h) ***Dated Date, Maturities, Principal Amounts and Interest Rates.***

The Series 2023C Bonds shall be dated their date of delivery and shall mature on November 1, 2056.

(i) ***Redemption Prior to Maturity.***

The Series 2023C Bonds are subject to optional redemption prior to maturity at the option of the City, in whole on any date on or in part on any Interest Payment Date, at a price of par plus accrued interest to the redemption date.

#### SECTION 4. **Amounts to be Borrowed.**

The amount to be borrowed through the issuance and sale of the Series 2023C Bonds to pay costs of the Financing Purposes, other than Costs of Issuance of the Series 2023C Bonds, is \$336,000,000. The foregoing amount does not include Costs of Issuance of the Series 2023C Bonds.

#### SECTION 5. **Trustee; Indenture.**

(a) The Bank of New York Mellon Trust Company, N.A. is selected to serve as Trustee under the Indenture.

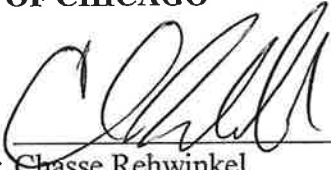
(b) Each of the Amended and Restated Master Indenture, the Twelfth Supplemental Indenture and the Fourteenth Supplemental Indenture has been approved and executed by me on behalf of the City and has been delivered to the Trustee.

[SIGNATURE ON THE FOLLOWING PAGE]



IN WITNESS WHEREOF, I have executed and delivered this Second Lien Bond Determination Certificate of the City Comptroller of the City of Chicago in the name and on behalf of the City of Chicago as of the 20th day of October, 2023.

**CITY OF CHICAGO**

By:   
Name: Chasse Rehwinkel  
Title: City Comptroller

[SIGNATURE PAGE – SECOND LIEN BOND DETERMINATION CERTIFICATE  
OF THE CITY COMPTROLLER]

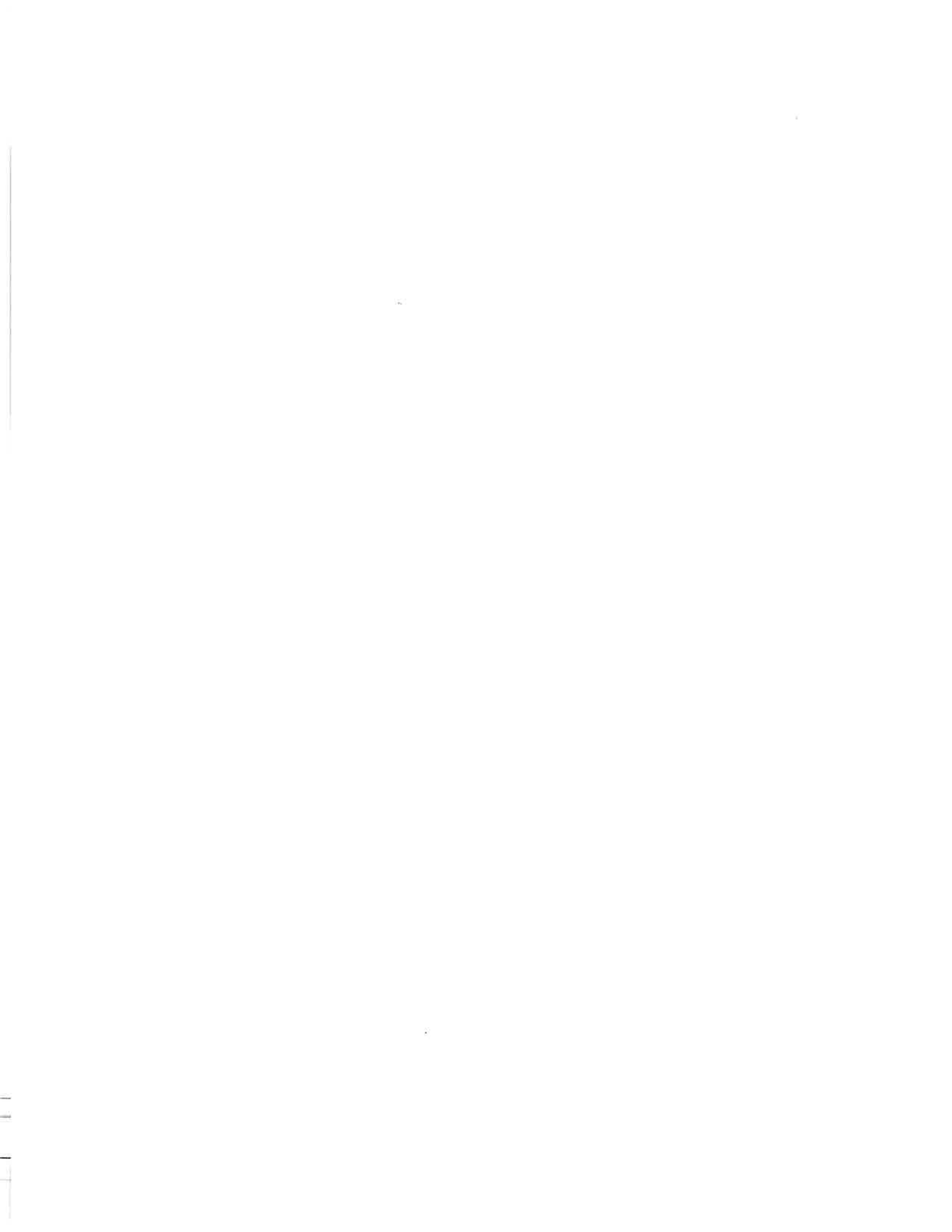


EXHIBIT A

WIFIA LOAN AGREEMENT

[Attached to the record of proceedings as Document No. 6.]





**WIFIA**  
PROGRAM

**EXECUTION VERSION**

WIFIA CUSIP Number: 167736 U70

**UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY**

**WIFIA LOAN AGREEMENT**

**For Up to \$336,000,000**

**With**

**CITY OF CHICAGO**

**For the**

**CITY OF CHICAGO DEPARTMENT OF WATER  
MANAGEMENT WATER MAIN AND LEAD SERVICE LINE  
REPLACEMENT PROGRAM PROJECT  
(WIFIA ID – N20164IL)**

Dated as of October 20, 2023

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**EXHIBIT H-1 – Opinions Required from Counsel to Borrower**

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**EXHIBIT I – Form of Certificate of Trustee**

**EXHIBIT J – Form of Investor Letter**

## WIFIA LOAN AGREEMENT

**THIS WIFIA LOAN AGREEMENT** (this “**Agreement**” or the “**WIFIA Loan Agreement**”), dated as of the Effective Date, is by and between the Borrower (as defined herein) and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America (“**EPA**”), acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

### RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended, and as may be further amended from time to time, the “**Act**”), which is codified as 33 U.S.C. §§ 3901-3915;

WHEREAS, the Act authorizes the WIFIA Lender to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Borrower has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) in a principal amount not to exceed the Maximum Principal Amount (as defined herein) to be used to pay a portion of the Eligible Project Costs (as defined herein) pursuant to the Application (as defined herein);

WHEREAS, pursuant to the WIFIA Term Sheet (as defined herein), the Administrator has approved WIFIA financial assistance for the Project (as defined herein) to be provided in the form of the WIFIA Loan, subject to the terms and conditions contained herein;

WHEREAS, based on the Application and the representations, warranties and covenants set forth herein, the WIFIA Lender proposes to make funding available to the Borrower for a portion of the costs of the Project through the purchase of the WIFIA Bond (as defined herein), to be issued by the Borrower, upon the terms and conditions set forth herein;

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the WIFIA Bond in accordance with the terms and provisions of this Agreement, the WIFIA Bond and the Second Lien Bonds Master Indenture (as defined herein); and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Borrower set forth in the Application and the supporting information provided by the Borrower.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the WIFIA Lender as follows:

**ARTICLE I**  
**DEFINITIONS AND INTERPRETATION**

Section 1. Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1, the recitals hereto or as otherwise defined in this Agreement, except as otherwise expressly provided herein. Any term used in this Agreement that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect.

“**Act**” has the meaning ascribed to such term in the recitals hereto.

“**Additional Construction Contract**” means, with respect to the Project, each Construction Contract entered into after the Effective Date.

“**Additional Obligations**” means Additional Second Lien Obligations and Additional Subordinate Lien Obligations.

“**Additional Second Lien Indebtedness Test**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

“**Additional Second Lien Obligations**” means any Second Lien Obligations permitted under Section 15(a) (*Indebtedness*) and under the Second Lien Bonds Master Indenture, which Second Lien Obligations are issued or incurred after the Effective Date.

“**Additional Subordinate Lien Indebtedness Test**” means the tests for issuance of additional Subordinate Lien Obligations set forth in the ordinances of the Borrower, duly adopted by the City Council prior to the Effective Date, authorizing the issuance of Subordinate Lien Obligations.

“**Additional Subordinate Lien Obligations**” means any Subordinate Lien Obligations permitted under Section 15(a) (*Indebtedness*) and under the Second Lien Bonds Master Indenture, which Subordinate Lien Obligations are issued or incurred after the Effective Date.

“**Administrator**” has the meaning ascribed to such term in the preamble hereto.

“**Agreement**” has the meaning ascribed to such term in the preamble hereto.

“**Application**” means the Borrower’s application for WIFIA financial assistance received by the WIFIA Lender on the Application Receipt Date.

“**Application Receipt Date**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Bankruptcy Related Event**” means, with respect to the Borrower, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Borrower or for a

substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days after the Borrower has received service of the summons and complaint or an order or decree approving or ordering any of the foregoing shall be entered; (b) the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Repayments*) and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing, including seeking approval or legislative enactment by any Governmental Authority to authorize commencement of a voluntary proceeding under any Insolvency Law; (c) (i) the Trustee shall commence a process pursuant to which all or a substantial part of the Trust Estate may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the Liens thereon securing the Second Lien Obligations, or (ii) the Trustee shall commence a process pursuant to which all or a substantial part of the Trust Estate may be sold or otherwise disposed of pursuant to a sale or disposition of such Trust Estate in lieu of foreclosure; or (d) any receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official with respect to the Borrower shall transfer, pursuant to directions issued by the holders of the Second Lien Obligations, funds on deposit in any of the Funds and Accounts upon the occurrence and during the continuation of an Event of Default under this Agreement or an event of default under the Indenture Documents for application to the prepayment or repayment of any principal amount of the Second Lien Obligations other than in accordance with the provisions of the Second Lien Bonds Master Indenture.

**“Base Case Financial Model”** means the financial model or plan, prepared by the Borrower and delivered to the WIFIA Lender as part of the Application, forecasting the capital costs of the Water System (including the Project) and the estimated debt service coverage, rates, revenues, operating expenses and major maintenance requirements of the Water System (as may be applicable) for the Forecast Period and based upon assumptions and methodology provided by the Borrower and acceptable to the WIFIA Lender as of the Effective Date, which model or plan shall have been provided to the WIFIA Lender as a fully functional Microsoft Excel-based financial model or such other format agreed with the WIFIA Lender.

**“Bond Year”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

**“Borrower”** has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Borrower Fiscal Year**” means (a) as of the Effective Date, the Initial Borrower Fiscal Year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with **Part E of Schedule V** (*Reporting Requirements*).

“**Borrower’s Authorized Representative**” means any Person who shall be designated as such pursuant to Section 21 (*Borrower’s Authorized Representative*).

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which offices of the Federal Government, the Borrower or the State are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, the Trustee Location or the Project Location.

“**Capitalized Interest Period**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Chief Financial Officer**” means the Chief Financial Officer of the Borrower appointed by the Mayor of the Borrower or, in the event no person is at the time then so appointed and acting, the City Comptroller.

“**City Comptroller**” means the City Comptroller of the Borrower appointed by the Mayor of the Borrower.

“**City Council**” means the City Council of the Borrower.

“**Closing Certificate**” has the meaning ascribed to such term in Section 11(a) (*Conditions Precedent to Effectiveness*).

“**Congress**” means the Congress of the United States of America.

“**Construction Contract**” means, with respect to the Project, any prime contract entered into by the Borrower that involves any construction activity (such as demolition, site preparation, civil works construction, installation, remediation, refurbishment, rehabilitation, or removal and replacement services) for the Project. For the avoidance of doubt, “**Construction Contract**” shall include each Existing Construction Contract and, upon the effectiveness thereof, each Additional Construction Contract.

“**Construction Monitoring Report**” means a report on the status of the Project, substantially in the form of **Exhibit F** (*Form of Construction Monitoring Report*), unless otherwise agreed to be in a different form by the WIFIA Lender.

“**Construction Period**” means the period from the Effective Date through (and including) the end of the Federal Fiscal Year during which the Substantial Completion Date occurs.

“**Construction Period Servicing Fee**” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

“**Construction Schedule**” means (a) the initial schedule or schedules on which the construction timetables for the Project are set forth, attached hereto as **Part B of Schedule II** (*Project Details*), and (b) any updates thereto included in the Construction Monitoring Report most recently submitted to the WIFIA Lender in accordance with **Part C of Schedule V** (*Reporting Requirements*).

“**CPI**” means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by the Bureau of Labor Statistics and located at <https://www.bls.gov/news.release/cpi.t01.htm>.

“**Debt Service Payment Commencement Date**” means the earlier to occur of (a) the first Payment Date immediately following the later of (i) the first Disbursement or (ii) the Payment Date immediately following the end of the Capitalized Interest Period, in each case as set forth in the WIFIA Loan Amortization Schedule; or (b) the Payment Date falling closest to, but not later than, the fifth (5<sup>th</sup>) anniversary of the Substantial Completion Date.

“**Default**” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“**Default Rate**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Development Default**” means (a) the Borrower abandons work related to the Project or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the Borrower fails to achieve Substantial Completion of the Project by the Development Default Date, unless such failure to achieve Substantial Completion shall occur by reason of an Uncontrollable Force that is not due to the fault of the Borrower.

“**Development Default Date**” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

“**Disbursement**” means a disbursement of WIFIA Loan proceeds, subject to and in accordance with this Agreement.

“**Dollars**” and “**\$**” means the lawful currency of the U.S.

“**Effective Date**” means the date of this Agreement, as specified in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Eligible Project Costs**” means amounts in the Project Budget approved by the WIFIA Lender, which are paid by or for the account of the Borrower in connection with the Project (including, as applicable, Project expenditures incurred prior to the receipt of WIFIA credit assistance), which shall arise from the following:

- (a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;

- (b) construction, reconstruction, rehabilitation, and replacement activities;
- (c) the acquisition of real property or an interest in real property (including water rights, land relating to the Project and improvements to land), environmental mitigation (including acquisitions pursuant to 33 U.S.C. §3905(8)), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to Obligations other than the WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

provided that Eligible Project Costs must be consistent with all other applicable federal laws, including the Act.

**“Eligible Project Costs Documentation”** means all supporting documentation with respect to Eligible Project Costs, including copies of invoices and records evidencing incurred or previously paid Eligible Project Costs, containing sufficient detail satisfactory to the WIFIA Lender to evidence the incurrence or payment of such Eligible Project Costs (including, to the extent such documentation relates to construction progress payments for Eligible Project Costs, a demonstration that such progress payments are commensurate with the cost of the work that has been completed).

**“EMMA”** means the Electronic Municipal Market Access system as described in Securities Exchange Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, and its successors.

**“EPA”** has the meaning ascribed to such term in the preamble hereto.

**“Event of Default”** has the meaning ascribed to such term in Section 17(a) (*Events of Default and Remedies*).

**“Event of Loss”** means any event or series of events that causes any portion of the Water System to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including through a casualty, a failure of title, or any loss of such property through eminent domain.

**“Existing Construction Contract”** means each Construction Contract in effect as of the Effective Date as set forth in **Part C of Schedule II** (*Project Details*).

**“Existing Indebtedness”** means indebtedness of the Borrower that has been issued or incurred prior to the Effective Date, as listed and described in **Part A of Schedule III** (*Borrower Disclosures*).

**“Federal Fiscal Year”** means the fiscal year of the Federal Government, which is the twelve (12) month period that ends on September 30 of the specified calendar year and begins on October 1 of the preceding calendar year.

“**Federal Government**” means the U.S. and its departments and agencies.

“**FEIN**” means a Federal Employer Identification Number.

“**Final Disbursement Date**” means the earliest of (a) the date on which the WIFIA Loan has been disbursed in full; (b) the last anticipated date of disbursement set forth in the then-current WIFIA Loan Disbursement Schedule; (c) the date as of which the Borrower has certified to the WIFIA Lender that it will not request any further disbursements under the WIFIA Loan; (d) the date on which the WIFIA Lender terminates its obligations relating to disbursements of any undisbursed amounts of the WIFIA Loan in accordance with Section 17 (*Events of Default and Remedies*); and (e) the date that is one (1) year after the Substantial Completion Date.

“**Final Maturity Date**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Financial Statements**” has the meaning ascribed to such term in Section 12(q) (*Financial Statements*).

“**Flow of Funds**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

“**Forecast Period**” means, as of any date, the time period from and including the then-current Borrower Fiscal Year until the later ending date of either (a) the five (5) immediately succeeding Borrower Fiscal Years or (b) the end of the Borrower Fiscal Year in which the Borrower’s then-currently effective capital improvement plan for the Water System concludes.

“**Fourteenth Supplemental Indenture**” has the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*).

“**Funds and Accounts**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

“**GAAP**” means generally accepted accounting principles for U.S. state and local governments, as established by the Government Accounting Standards Board (or any successor entity with responsibility for establishing accounting rules for governmental entities), in effect from time to time in the U.S.

“**Governmental Approvals**” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, registrations, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

“**Governmental Authority**” means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the U.S. or its territories or possessions, including the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts “on behalf of” any of the foregoing, whether as an agency or authority of such body.



“**Gross Revenues**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Indemnitee**” has the meaning ascribed to such term in Section 32 (*Indemnification*).

“**Indenture Documents**” means, collectively, the Ordinance, the Second Lien Bonds Master Indenture and each Supplemental Indenture (other than any Supplemental Indenture entered into solely to authorize the issuance of Obligations).

“**Initial Borrower Fiscal Year**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Initial Construction Period Servicing Fee**” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

“**Insolvency Laws**” means the U.S. Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, as from time to time amended and in effect, and any State bankruptcy, insolvency, receivership, conservatorship or similar law now or hereafter in effect.

“**Interest Only Period**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Interest Payment Date**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Interim Financing**” means interim bond anticipation notes, commercial paper or other short-term temporary financing, in each case with a maturity not later than five (5) years following the issuance or incurrence thereof, the proceeds of which are applied to pay Eligible Project Costs.

“**Investment Grade Rating**” means a rating of ‘BBB-’, ‘Baa3’, ‘bbb-’, or ‘BBB (low)’, or higher, from a Nationally Recognized Rating Agency.

“**Legal Entity**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Lien**” means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or any other applicable law.

“**Loss Proceeds**” means any proceeds of builders’ risk or casualty insurance (other than any proceeds from any policy of business interruption insurance insuring against loss of revenues upon the occurrence of certain casualties or events covered by such policy of insurance) or proceeds of eminent domain proceedings resulting from any Event of Loss.

**“Material Adverse Effect”** means a material adverse effect on (a) the Water System, the Project or the Net Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the Borrower, (c) the legality, validity or enforceability of any material provision of any WIFIA Loan Document, (d) the ability of the Borrower to enter into, perform or comply with any of its material obligations under any WIFIA Loan Document, (e) the validity, enforceability or priority of the Liens provided under the Indenture Documents on the Trust Estate or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document.

**“Maximum Principal Amount”** has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

**“Nationally Recognized Rating Agency”** means any nationally recognized statistical rating organization registered with, and identified as such by, the Securities and Exchange Commission.

**“NEPA”** means the National Environmental Policy Act of 1969, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

**“NEPA Determination”** has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

**“Net Revenues”** means has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term as of the Effective Date is attached hereto as **Annex A** (*Certain Definitions*) to **Schedule I** (*WIFIA Loan Specific Terms*).

**“Net Revenues Available for Bonds”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term as of the Effective Date is attached hereto as **Annex A** (*Certain Definitions*) to **Schedule I** (*WIFIA Loan Specific Terms*).

**“Obligation Documents”** means any agreement, instrument, or document (excluding the Indenture Documents and the WIFIA Loan Documents) entered into between the Borrower and a holder of Obligations providing for the issuance of Obligations secured by a pledge and lien on all or a portion of the Net Revenues, including the Section 2.08 Obligations and the Section 2.09 Obligations.

**“Obligations”** means debt of the Borrower that is secured by a pledge and lien on all or a portion of the Net Revenues, including the Second Lien Obligations and Subordinate Lien Obligations.

**“Operating Period Servicing Fee”** has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

**“Operation and Maintenance Costs”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term as of the Effective Date is attached hereto as **Annex A** (*Certain Definitions*) to **Schedule I** (*WIFIA Loan Specific Terms*).

“**Ordinance**” means that certain Ordinance duly adopted by the City Council on November 7, 2022, as amended by the Second Lien Bonds Master Indenture and as further amended by that certain Ordinance duly adopted by the City Council on October 4, 2023.

“**Organizational Documents**” means: (a) the constitutional and statutory provisions that are the basis for the existence and authority of the Borrower, including any enabling statutes, ordinances or public charters and any other organic laws establishing the Borrower and (b) the resolutions, bylaws, or other organizational documents (including any amendments, modifications or supplements thereto) of or adopted by the Borrower by which the Borrower, its powers, operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived.

“**Other Debt Acceleration Right**” has the meaning ascribed to such term in Section 15(a)(iii) (*Negative Covenants – Indebtedness – Acceleration*).

“**Outstanding**” has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

“**Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, and all regulations promulgated thereunder.

“**Payment Date**” means each Interest Payment Date and each Principal Payment Date.

“**Payment Default**” has the meaning ascribed to such term in Section 17(a)(i) (*Payment Default*).

“**Permitted Debt**” means:

- (a) Existing Indebtedness;
- (b) the WIFIA Loan;
- (c) Additional Second Lien Obligations that satisfy the requirements of Section 15(a) (*Indebtedness*) and the Second Lien Bonds Master Indenture;
- (d) Additional Subordinate Lien Obligations that satisfy the requirements of Section 15(a) (*Indebtedness*) and the Second Lien Bonds Master Indenture;
- (e) CP Notes (as defined in the Second Lien Bonds Master Indenture);
- (f) Water System Line of Credit Notes (as defined in the Second Lien Bonds Master Indenture); and
- (g) indebtedness incurred in respect of hedging transactions permitted under the Second Lien Bonds Master Indenture.

“**Permitted Investments**” has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

“**Permitted Liens**” means:

- (a) Liens imposed pursuant to the Obligation Documents or the Related Documents;
- (b) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 14(j) (*Material Obligations*);
- (c) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 14(j) (*Material Obligations*);
- (d) pledges and deposits made in the ordinary course of business in compliance with workers’ compensation, unemployment insurance, and other social security laws or regulations;
- (e) deposits to secure the performance of trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;
- (f) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 17(a)(viii) (*Material Adverse Judgment*); and
- (g) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that, in any case, do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower.

“**Person**” means and includes an individual, a general or limited partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and any Governmental Authority.

“**Principal Payment Date**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Project**” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

“**Project Budget**” means the budget for the Project attached to this Agreement as **Part A of Schedule II** (*Project Details*) showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project.

“**Project Location**” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

**“Projected Substantial Completion Date”** has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

**“Public Benefits Report”** means the report, in the form attached hereto as **Exhibit C** (*Form of Public Benefits Report*).

**“Rate Covenant”** has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

**“Related Documents”** means the WIFIA Loan Documents and the Indenture Documents.

**“Requisition”** means the request for Disbursement in the form attached hereto as **Exhibit D** (*Form of Requisition*).

**“Residual Account”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

**“SAM”** means the federal System for Award Management ([www.SAM.gov](http://www.SAM.gov)) (or any successor system or registry).

**“Sanctions Laws”** means collectively, any applicable anti-drug trafficking, anti-terrorism, anti-money laundering, anti-bribery, or anti-corruption laws or regulations, as applicable, including those contained in the Bank Secrecy Act of 1970 (as amended) and the U.S. Patriot Act.

**“Second Lien Bonds”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

**“Second Lien Bonds Account”** has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

**“Second Lien Bonds Master Indenture”** has the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*).

**“Second Lien Obligations”** means (a) Existing Indebtedness that ranks *pari passu* in right of payment and right of security with the WIFIA Bond and (b) Additional Second Lien Obligations, in each case, that ranks senior in right of payment and right of security to the Subordinate Lien Obligations.

**“Section 2.08 Obligations”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term and Section 2.08 (*Letters of Credit and Other Credit*) of the Second Lien Bonds Master Indenture, each as of the Effective Date, is set forth in **Annex F** (*Section 2.08 Obligations and Section 2.09 Obligations*) to **Schedule I** (*WIFIA Loan Specific Terms*).

**“Section 2.09 Obligations”** has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term and Section 2.09 (*Hedging Transactions*) of the Second Lien Bonds Master Indenture, each as of the Effective Date, is set

forth in **Annex F** (*Section 2.08 Obligations and Section 2.09 Obligations*) to **Schedule I** (*WIFIA Loan Specific Terms*).

“**Servicer**” means such entity or entities as the WIFIA Lender shall designate from time to time to perform, or assist the WIFIA Lender in performing, certain duties hereunder.

“**Servicing Fee**” means the Servicing Set-Up Fee and any Construction Period Servicing Fee or Operating Period Servicing Fee.

“**Servicing Set-Up Fee**” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*).

“**State**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Subordinate Lien Obligations**” means all obligations of the Borrower that (a) qualify as “Subordinate Lien Obligations” under and as defined in the Second Lien Bonds Master Indenture and (b) are permitted under Section 15(a) (*Indebtedness*).

“**Substantial Completion**” means, with respect to the Project, the stage at which the Project is able to perform the functions for which the Project is designed.

“**Substantial Completion Date**” means the date on which the Borrower certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender and notice to the WIFIA Lender in accordance with **Part E of Schedule V** (*Reporting Requirements*), that Substantial Completion has occurred.

“**Supplemental Indenture**” means a supplement to or modification of the provisions of the Second Lien Bonds Master Indenture entered into by the Borrower and the Trustee in accordance with the terms of the Second Lien Bonds Master Indenture, which supplement or modification (x) authorizes the issuance of Obligations or (y) amends the terms of the Second Lien Bonds Master Indenture.

“**Total Project Costs**” means (a) the costs paid or incurred or to be paid or incurred by the Borrower in connection with or incidental to the acquisition, design, construction and equipping of the Project, including legal, administrative, engineering, planning, design, insurance and financing (including costs of issuance); (b) amounts, if any, required by the Related Documents to be paid into any fund or account upon the incurrence of the WIFIA Loan or any other Obligations, in each case in respect of the Project; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) in respect of any Obligations or any other indebtedness of the Borrower (other than the WIFIA Loan), in each case in connection with the acquisition, design, construction and equipping of the Project; and (d) costs of equipment and supplies and initial working capital and reserves required by the Borrower for the commencement of operation of the Project, including general administrative expenses and overhead of the Borrower.

“**Trust Estate**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

“**Trustee**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Trustee Location**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Uncontrollable Force**” means any cause beyond the control of the Borrower, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade, terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, pandemic, or act of God (provided that the Borrower shall not be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of the Borrower and the Borrower does not control the administrative agency or governmental officer or body; provided, that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower.

“**Uniform Commercial Code**” or “**UCC**” means the Uniform Commercial Code, as in effect from time to time in the State.

“**Unique Entity Identifier**” means, with respect to any Person, the unique entity identifier issued by the Federal Government through SAM.gov for such Person.

“**Updated Financial Model/Plan**” means (a) an updated Base Case Financial Model or (b) a financial plan in a format agreed with the WIFIA Lender, in each case reflecting the then-current and projected conditions for the Forecast Period, in accordance with **Part A of Schedule V** (*Reporting Requirements*).

“**U.S.**” means the United States of America.

“**Water Fund**” has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

“**Water Rate Stabilization Account**” has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.

“**Water System**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA**” has the meaning ascribed to such term in the recitals hereto.

“**WIFIA Bond**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA CUSIP Number**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA Debt Service**” means with respect to any Payment Date occurring on or after the Debt Service Payment Commencement Date, the principal portion of the WIFIA Loan Balance and any interest payable thereon (including interest accruing after the date of any filing by the Borrower of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Borrower and interest accruing at the Default Rate during the continuance of an Event of Default), in each case, (a) as set forth on the WIFIA Loan Amortization Schedule and (b) due and payable on such Payment Date in accordance with the provisions of Section 8(a) (*Payment of WIFIA Debt Service*).

“**WIFIA Debt Service Account**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA Debt Service Reserve Account**” has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as “Not Applicable” in **Schedule I**, means a separate debt service reserve account designated for the WIFIA Lender shall not be applicable with respect to the WIFIA Loan hereunder.

“**WIFIA Debt Service Reserve Requirement**” has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as “Not Applicable” in **Schedule I**, means a separate debt service reserve requirement shall not be applicable with respect to the WIFIA Loan hereunder.

“**WIFIA Interest Rate**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Term*).

“**WIFIA Lender**” has the meaning ascribed to such term in the preamble hereto.

“**WIFIA Lender’s Authorized Representative**” means the Administrator and any other Person who shall be designated as such pursuant to Section 22 (*WIFIA Lender’s Authorized Representative*).

“**WIFIA Loan**” means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed the Maximum Principal Amount, the proceeds of which shall be applied to pay Eligible Project Costs.

“**WIFIA Loan Amortization Schedule**” means the loan amortization schedule reflected in **Schedule VI** (*WIFIA Loan Amortization Schedule*), as amended from time to time in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).

“**WIFIA Loan Balance**” means (a) the aggregate principal amount of the WIFIA Loan disbursed by the WIFIA Lender to the Borrower hereunder, *plus* (b) capitalized interest added to the principal balance of the WIFIA Loan pursuant to Section 8(a)(iii) (*Payments of WIFIA Debt Service*), *minus* (c) the aggregate principal amount of the WIFIA Loan repaid or prepaid by the Borrower, as reflected from time to time in the WIFIA Loan Amortization Schedule in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).



“**WIFIA Loan Disbursement Schedule**” means the disbursement schedule set forth in **Schedule VI** (*WIFIA Loan Amortization Schedule*), reflecting the anticipated disbursement of proceeds of the WIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(b) (*Disbursement Conditions*).

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Bond, the Fourteenth Supplemental Indenture, the Second Lien Bonds Master Indenture and the Ordinance.

“**WIFIA Term Sheet**” has the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*).

Section 2. Interpretation. The rules of interpretation set forth below in this Section 2 shall apply to this Agreement, except as otherwise expressly provided herein.

(a) Unless the context shall otherwise require, the words “hereto,” “herein,” “hereof” and other words of similar import refer to this Agreement as a whole.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa.

(c) Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require.

(d) The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

(e) Whenever the Borrower’s knowledge is implicated in this Agreement or the phrase “to the Borrower’s knowledge” or a similar phrase is used in this Agreement, the Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of the Borrower’s knowledge after reasonable and diligent inquiry. Unless the context shall otherwise require, references to any Person shall be deemed to include such Person’s successors and permitted assigns.

(f) Unless the context shall otherwise require, references to the preamble, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions are to the preamble to, or the applicable recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions of, this Agreement.

(g) The recitals, schedules and exhibits to this Agreement, and the appendices and schedules to such exhibits, are hereby incorporated by reference and made an integral part of this Agreement.

(h) The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions.

(i) Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements

to, or modifications or restatements or replacements of, such documents that are approved from time to time in accordance with the terms thereof and hereof.

(j) Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 31 (*Notices*) and signed by a duly authorized representative of such party.

(k) Whenever this Agreement requires a change in principal amount, interest rate or amortization schedule of the WIFIA Loan, it is intended that such change be reflected in the WIFIA Bond. Whenever there is a prepayment of the WIFIA Loan, it is intended that such prepayment be implemented through a prepayment of the WIFIA Bond.

(l) Whenever this Agreement sets forth a time period for a number of days by when a deliverable must be provided or an action must be taken, such time period shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

## ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed the Maximum Principal Amount.

Section 4. Disbursement Conditions.

(a) WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the Project, including, for the avoidance of doubt, Eligible Project Costs that were initially funded with Interim Financing proceeds. Each Disbursement shall be made pursuant to the procedures of **Schedule IV** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent to Disbursements*); provided that no Disbursements shall be made after the Final Disbursement Date.

(b) Subject to this Section 4, any scheduled Disbursement (as reflected in the WIFIA Loan Disbursement Schedule) that remains undrawn as of its scheduled date shall automatically be available for the next scheduled Disbursement date, up to the Final Disbursement Date, with the effect of automatically updating the WIFIA Loan Disbursement Schedule (and the WIFIA Loan Amortization Schedule) without need for the WIFIA Lender's approval. The Borrower may also amend the WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be deemed granted if the WIFIA Lender has not objected within thirty (30) days from receipt of the revised schedule, and which approval shall have the effect of updating the WIFIA Loan Amortization Schedule to reflect the updated WIFIA Loan Disbursement Schedule. Notwithstanding the foregoing, the date of the first Disbursement

shall not be earlier than the initial date of Disbursement set out in the WIFIA Loan Disbursement Schedule as of the Effective Date.

Section 5. Term. The term of the WIFIA Loan shall extend from the Effective Date to the Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in immediately available funds.

Section 6. Interest Rate. The Borrower shall pay interest on the WIFIA Loan Balance at the WIFIA Interest Rate; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the WIFIA Loan Balance at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment of the overdue amount of principal of the WIFIA Loan and accrued interest thereon and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured (if applicable) in accordance with the terms of this Agreement or waived by the WIFIA Lender and (ii) the WIFIA Loan Balance has been irrevocably paid in full in immediately available funds. Interest shall (x) accrue on the WIFIA Loan commencing on the date of the first Disbursement, (y) be payable on each Interest Payment Date commencing on the Debt Service Payment Commencement Date and (z) be computed on the WIFIA Loan Balance on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

Section 7. Security and Priority; Flow of Funds.

(a) The WIFIA Loan shall be equally and ratably secured on a parity basis with the Second Lien Bonds under and in accordance with the Granting Clauses and Section 2.04 (*Source of Payment; Pledge of Net Revenues and Other Moneys; Prohibition on Issuance of Additional Senior Lien Bonds*) of the Second Lien Bonds Master Indenture and the Granting Clauses of the Fourteenth Supplemental Indenture. Pursuant to such documents, the Borrower shall grant a lien on and security interest in the Trust Estate; provided that under no circumstances shall Federal Subsidies be included in the Trust Estate for purposes of, or pledged to secure, the WIFIA Loan.

(b) Such lien on the Trust Estate shall be for the equal and proportionate benefit, security and protection of all present and future owners of the Second Lien Bonds (including the WIFIA Bond) as provided in the Second Lien Bonds Master Indenture and the Ordinance. Such lien on the Trust Estate shall be *pari passu* in right of payment and right of security with the lien on the Trust Estate for the benefit of the Second Lien Bonds and senior in right of payment and right of security to the lien on the Trust Estate for the benefit of Subordinate Lien Obligations. The WIFIA Bond shall constitute a Second Lien Bond under the Second Lien Bonds Master Indenture and the Ordinance, entitled to all of the benefits of the Second Lien Bonds under the Second Lien Bonds Master Indenture and the Ordinance.

(c) The obligation of the Borrower to pay the payment obligations of the Borrower under the WIFIA Loan Agreement are all limited obligations of the Borrower payable solely from the Trust Estate in accordance with the Second Lien Bonds Master Indenture. The payment obligations of the Borrower under the WIFIA Loan Agreement do not constitute an indebtedness or a loan of credit of the Borrower within the meaning of any constitutional or

statutory limitation, and neither the full faith and credit nor the taxing power of the Borrower is pledged for such payment obligations.

(d) Amounts deposited in the Water Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds.

Section 8. Repayments.

(a) Payment of WIFIA Debt Service.

(i) No WIFIA Debt Service shall be due or payable prior to the Debt Service Payment Commencement Date. The Borrower shall make (A) payments of WIFIA Debt Service in the amounts and manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule, as the same may be revised pursuant to Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*) and (B) payments of any other amounts on each other date on which payment thereof is required to be made hereunder; provided that if the date on which any such payment is due is not a Business Day, payment shall be made on the next Business Day following such date. WIFIA Loan proceeds borrowed and repaid may not be reborrowed.

(ii) Notwithstanding anything herein to the contrary, the WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the Final Maturity Date.

(iii) During the Capitalized Interest Period, no payment of principal of or interest on the WIFIA Loan will be required to be made. On each Interest Payment Date occurring during the Capitalized Interest Period, and on the day immediately following the end of the Capitalized Interest Period, interest accrued and not paid on the WIFIA Loan during each six (6) month period ending immediately prior to such date (or such shorter period if the Capitalized Interest Period ends on a day other than one (1) day prior to an Interest Payment Date) shall be capitalized and added to the WIFIA Loan Balance, as set forth in the WIFIA Loan Amortization Schedule. Within thirty (30) days after the end of the Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the WIFIA Loan Balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred and that the WIFIA Lender has elected to end the Capitalized Interest Period, in which case interest shall no longer be capitalized, payments of interest shall be due and payable beginning on the next Interest Payment Date and payments of principal shall be due and payable beginning on the next Principal Payment Date, in each case in accordance with the terms hereof.

(iv) During the Interest Only Period, the WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then

due and payable on the WIFIA Loan Balance, and no payment of principal on the WIFIA Loan will be due and payable during the Interest Only Period.

(v) Any defeasance of the WIFIA Loan in accordance with Section 9.01 (*Defeasance*) of the Second Lien Bonds Master Indenture and applicable law shall not be deemed a repayment or prepayment of the WIFIA Loan in full, and the Borrower shall comply with all of its obligations hereunder and under the other WIFIA Loan Documents, unless otherwise agreed by the WIFIA Lender, until the irrevocable payment in full in immediately available funds of the WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto.

(b) Manner of Payment. Payments under this Agreement (and the WIFIA Bond, which payments shall not be duplicative) shall be made in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions provided by the WIFIA Lender prior to the relevant payment, as may be modified in writing from time to time by the WIFIA Lender; provided, that the failure to provide updated payment instructions shall not affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(c) Adjustments to WIFIA Loan Amortization Schedule. The WIFIA Lender may, from time to time, modify the WIFIA Loan Amortization Schedule included in **Schedule VI** (*WIFIA Loan Amortization Schedule*) to reflect (i) any change to the WIFIA Loan Balance, (ii) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower hereunder in accordance with this Agreement, (iii) any mathematical corrections as the WIFIA Lender may determine are necessary, and (iv) with the consent of the Borrower (not to be unreasonably withheld), such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan and this Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the WIFIA Loan Amortization Schedule as a result of a decrease in the WIFIA Loan Balance shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(b) (*General Prepayment Instructions*). If the WIFIA Loan Amortization Schedule is modified pursuant to this Section 8(c), the WIFIA Lender shall provide the Borrower with a copy of such revised WIFIA Loan Amortization Schedule, but no failure to provide or delay in providing the Borrower with such copy shall affect any of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents. The WIFIA Lender may also, from time to time or when so requested by the Borrower, advise the Borrower by written notice of the amount of the WIFIA Loan Balance as of the date of such notice. Absent manifest error, the WIFIA Lender's determination of the WIFIA Loan Balance and all matters as set forth on the WIFIA Loan Amortization Schedule shall be deemed conclusive evidence thereof absent manifest error; provided, that neither the failure to make any such determination, modification, or recordation nor any error in such determination, modification, or recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(d) WIFIA Bond. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the Effective Date, a WIFIA Bond substantially in the form of **Exhibit A** (*Form of WIFIA Bond*), having the maximum

principal amount for the WIFIA Loan specified in this Agreement, bearing interest at the WIFIA Interest Rate and having principal and interest payable on the same dates as those set forth in this Agreement. Any payment in respect of the WIFIA Bond shall be treated as a payment in respect of the WIFIA Loan, and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Bond.

Section 9. Prepayment.

(a) Optional Prepayments. After the Final Disbursement Date, the Borrower may prepay the WIFIA Loan, without penalty or premium, (i) in full on any date or (ii) in part on any Payment Date (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided that any such prepayment shall be in a principal amount of \$1,000,000 or any integral multiple of \$1.00 in excess thereof), in each case from time to time but not more than once annually in accordance with 33 U.S.C. § 3908(c)(4)(A). The Borrower may make such prepayment by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment and all fees and expenses then due and payable to the WIFIA Lender. Each prepayment of the WIFIA Loan pursuant to this Section 9(a) shall be made on such date and in such principal amount as shall be specified by the Borrower in a written notice, signed by the Borrower's Authorized Representative and delivered to the WIFIA Lender not less than thirty (30) days prior to the requested date of prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Anything in this Section 9(a) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement.

(b) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full in immediately available funds of the entire WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a prepayment, the WIFIA Lender shall surrender the WIFIA Bond to the Borrower or its authorized representative, by mail in accordance with Section 31 (*Notices*) or as otherwise agreed between the parties hereto. If the Borrower prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender may make a notation on the WIFIA Loan Amortization Schedule indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on an updated WIFIA Loan Amortization Schedule shall be conclusive evidence thereof; provided, that neither the failure to make any such notation nor any error in such notation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document. All partial prepayments of principal shall be applied to reduce the WIFIA Loan Balance such that the remaining scheduled principal payments for the WIFIA Loan set out in the WIFIA Loan Amortization Schedule are reduced substantially *pro rata*. If such funds have not been so paid on the prepayment date, such principal amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

Section 10. Fees and Expenses.

(a) Fees. The Borrower shall pay to the WIFIA Lender:

(i) the Servicing Set-Up Fee, which shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the date of the first Disbursement);

(ii) the Construction Period Servicing Fee, which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the period beginning from the Effective Date through (and including) the end of the Federal Fiscal Year during which the Substantial Completion Date occurs; provided that the Initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the date of the first Disbursement); and

(iii) the Operating Period Servicing Fee, which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the Substantial Completion Date occurs, until (and including) the Final Maturity Date; provided that the Operating Period Servicing Fee due and payable with respect to the Federal Fiscal Year during which the Final Maturity Date occurs shall be equal to the *pro-rata* monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and the Final Maturity Date.

(b) The amount of each Construction Period Servicing Fee (other than the initial Construction Period Servicing Fee) and each Operating Period Servicing Fee shall be adjusted in proportion to the percentage change in CPI for the calendar year immediately preceding the calendar year during which such fee is due. The WIFIA Lender shall notify the Borrower of the amount of each such fee at least thirty (30) days before payment is due, which determination shall be conclusive absent manifest error.

(c) Expenses. The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt by the Borrower of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce, or the monitoring, protection or preservation of any right or claim under, the Liens on the Trust Estate or any provision of this Agreement or any of the other WIFIA Loan Documents or the rights of the WIFIA Lender thereunder; (ii) any amendment, modification, re-execution, waiver, or consent with respect to this Agreement or any other WIFIA Loan Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of the Borrower

under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default.

(d) The obligations of the Borrower under this Section 10 shall survive the payment or prepayment in full or transfer of the WIFIA Bond, the enforcement of any provision of this Agreement or the other WIFIA Loan Documents, any amendments, waivers or consents with respect thereto, any Event of Default, and any such workout, restructuring, or similar arrangement.

### ARTICLE III CONDITIONS PRECEDENT

#### Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have duly executed and delivered to the WIFIA Lender this Agreement, the WIFIA Bond, and the Fourteenth Supplemental Indenture, each in form and substance satisfactory to the WIFIA Lender.

(ii) The Borrower shall have delivered to the WIFIA Lender complete and fully executed copies of (A) the Ordinance, the Second Lien Bonds Master Indenture and the other Indenture Documents, together with any amendments, supplements, waivers or modifications thereto, and (B) each Obligation Document that has been entered into on or prior to the Effective Date, along with a certification in the Closing Certificate that each such document is complete, fully executed and in full force and effect, and that all conditions contained in the Related Documents that are necessary to the consummation of the transactions contemplated hereby have been fulfilled.

(iii) The Borrower shall have delivered to the WIFIA Lender complete and fully executed copies of each Existing Construction Contract, together with any amendments, waivers or modifications thereto.

(iv) Counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-1** (*Opinions Required from Counsel to Borrower*) and bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-2** (*Opinions Required from Bond Counsel*)).

(v) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit B** (*Form of Closing Certificate*) (the "**Closing Certificate**"), designating the Borrower's Authorized Representative, confirming such person's position



and incumbency, and certifying as to the satisfaction of certain conditions precedent (and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such satisfaction), including the following:

(A) as of the Effective Date, (1) the Maximum Principal Amount (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (2) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (3) the total federal assistance provided to the Project, including the Maximum Principal Amount (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs;

(B) the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

(C) the Borrower has (1) obtained a FEIN (as evidenced by the delivery of a copy of the Borrower's W-9), (2) obtained a Unique Entity Identifier, and (3) registered with, and obtained confirmation of active SAM registration status;

(D) the Borrower has obtained the WIFIA CUSIP Number;

(E) the representations and warranties of the Borrower set forth in this Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and

(F) no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the Application Receipt Date.

(vi) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, prior to the Effective Date, of the assignment by at least one (1) Nationally Recognized Rating Agency of a public Investment Grade Rating on the WIFIA Loan, along with a certification in the Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

(vii) The Borrower shall have delivered to the WIFIA Lender the Public Benefits Report.

(viii) The Borrower shall have paid in full all invoices delivered by the WIFIA Lender to the Borrower as of the Effective Date for any applicable Servicing Fees

and the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(ix) The Borrower shall have provided a certificate of the Trustee in the form of **Exhibit I** (*Form of Certificate of Trustee*).

(b) Conditions Precedent to Disbursements. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any Disbursement to the Borrower (including the initial Disbursement hereunder) until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*), **Schedule IV** (*Requisition Procedures*) and **Exhibit D** (*Form of Requisition*), including satisfactory Eligible Project Costs Documentation relating to such Requisition. The Borrower's Authorized Representative shall also certify in such Requisition that:

(A) at the time of, and immediately after giving effect to, any Disbursement then currently requested, (1) no Default or Event of Default and no event of default under any other Related Document has occurred and is continuing and (2) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, has occurred and is continuing;

(B) no Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, has occurred since the Effective Date;

(C) the aggregate amount of all Disbursements (including the requested Disbursement amount but excluding any interest that is capitalized in accordance with the terms hereof) does not exceed (1) the Maximum Principal Amount or (2) the amount of Eligible Project Costs paid or incurred by the Borrower;

(D) the Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous (1) Disbursement or (2) disbursement of any source of funding for the Project other than the WIFIA Loan as identified in the Project Budget;

(E) (1) the Borrower, and each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products); and (2) supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender;

(F) the representations and warranties of the Borrower set forth in this Agreement and in each other WIFIA Loan Document are true and correct as of each date on which any disbursement of the WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date);

(G) the Borrower represents that it has delivered all required deliverables under and in compliance with the requirements of **Schedule V** (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender; and

(H) Eligible Project Costs Documentation evidencing Eligible Project Costs in an amount equal to the amount requested for Disbursement, either (1) has been previously submitted to and approved by the WIFIA Lender in accordance with **Schedule IV** (*Requisition Procedures*) and **Schedule V** (*Reporting Requirements*) of this Agreement or (2) has been submitted to the WIFIA Lender, together with a summary of such Eligible Project Costs in the Requisition (or attached separately to the Requisition), for approval by the WIFIA Lender.

(ii) If applicable, to the extent necessary to make the representations and warranties in Section 12(f) (*Litigation*) and Section 12(j)(iii) (*Compliance with Laws*) true, correct and complete as of the date of the applicable Disbursement, the Borrower shall have delivered an updated version, in form and substance satisfactory to the WIFIA Lender, of **Schedule III** (*Borrower Disclosures*); provided that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to Schedule III of the WIFIA Loan Agreement.

(iii) The Borrower shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender to the Borrower, for the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES**

Section 12. Representations and Warranties of Borrower. The Borrower hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those contained in Section 12(b) (*Officers' Authorization*), Section 12(k) (*Credit Ratings*), the first sentence of Section 12(m) (*Construction Contracts*) and the first sentence of Section 12(v) (*Existing Indebtedness*), as of each date on which any Disbursement is requested or made:

(a) Organization; Power and Authority. The Borrower is a Legal Entity duly organized and validly existing under its Organizational Documents and the laws of the State, has

full legal right, power and authority to do business in the State and to enter into the WIFIA Loan Documents then in existence, to execute and deliver this Agreement and the other WIFIA Loan Documents, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Bond, and the other WIFIA Loan Documents. Other than such Organizational Documents and the WIFIA Loan Documents, there are no additional instruments or documents necessary for the Borrower to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

(b) Officers' Authorization. As of the Effective Date, the officers of the Borrower executing (or that previously executed) the WIFIA Loan Documents, and any certifications or instruments related thereto, to which the Borrower is a party are (or were at the time of such execution) duly and properly in office and fully authorized to execute the same.

(c) Due Execution; Enforceability. Each of the WIFIA Loan Documents in effect as of any date on which this representation and warranty is made, and to which the Borrower is a party, has been duly authorized, executed and delivered by the Borrower and constitutes the legal, valid and binding agreement of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law).

(d) Non-Contravention. The execution and delivery of the WIFIA Loan Documents, the consummation of the transactions contemplated by the WIFIA Loan Documents, and the fulfillment of or compliance with the terms and conditions of all of the WIFIA Loan Documents, do not and will not (i) conflict with the Borrower's Organizational Documents, (ii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time or both) by the Borrower of or under, any applicable law, administrative rule or regulation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties or assets are otherwise subject or bound, or (iii) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, other than Permitted Liens.

(e) Consents and Approvals. All Governmental Approvals required as of the Effective Date and required as of any subsequent date on which this representation is made (or deemed made) for the undertaking, construction and completion by the Borrower of the Project and the operation and maintenance of the Water System, and to execute and deliver and perform its obligations under the WIFIA Loan Documents and the Construction Contracts, have been obtained or effected and are in full force and effect. The Borrower is not in default with respect to any Governmental Approval, which default could reasonably be expected to result in a Material Adverse Effect. No consent or approval of any trustee, holder of any indebtedness of the Borrower or any other Person is necessary in connection with the execution, delivery, and performance by the Borrower of the WIFIA Loan Documents and the consummation of any transaction contemplated thereunder, except as have been obtained or made and as are in full force and effect.

(f) **Litigation.** Except as set forth in **Part B of Schedule III** (*Borrower Disclosures*), there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the Water System, the Project or the ability of the Borrower to execute, deliver and perform its obligations under the WIFIA Loan Documents or that in any case could reasonably be expected to result in a Material Adverse Effect.

(g) **Security Interests.** Pursuant to and in accordance with the Granting Clauses and Section 2.04 (*Source of Payment; Pledge of Net Revenues and Other Moneys; Prohibition on Issuance of Additional Senior Lien Bonds*) of the Second Lien Bonds Master Indenture and the Granting Clauses of the Fourteenth Supplemental Indenture, the Borrower has granted a lien on and security interest in the Trust Estate, in order to secure the WIFIA Loan and for the equal and proportionate benefit, security and protection of all present and future owners of the Second Lien Bonds (including the WIFIA Bond) as provided in the Second Lien Bonds Master Indenture and the Ordinance. Such lien on the Trust Estate is in full force and effect and is *pari passu* in right of payment and right of security with the lien on the Trust Estate for the benefit of the Second Lien Bonds and senior in right of payment and right of security to the lien on the Trust Estate for the benefit of Subordinate Lien Obligations, irrespective of whether any Person has notice of such lien on, and security interest in, the Trust Estate and without the need for any physical delivery, recordation, filing, or further act, and if applicable, the security interests created in the Trust Estate have been duly perfected under applicable State law. The Borrower is not in breach of any covenant set forth in Section 14(b) (*Securing Liens*) or in the Indenture Documents with respect to the matters described in Section 14(b) (*Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (A) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and, if applicable, perfected, Lien on the Trust Estate in favor of the Trustee (for the benefit of the WIFIA Lender and the other owners of the Second Lien Bonds) to the extent contemplated by the Indenture Documents, and (B) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any Indenture Documents or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability, priority or, if applicable, perfection, of the security interest in the Trust Estate granted pursuant to the Indenture Documents is governed by Article 9 of the UCC.

(h) **No Debarment.** The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. § 1532.995) (i) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters, (ii) is presently indicted for or otherwise criminally or civilly charged by a Governmental Authority with commission of any of the offenses listed in 2 C.F.R. § 180 or 2 C.F.R. § 1532; or (iii) have, within the three (3) year period preceding the Effective Date, (x) been convicted for or had a civil judgment rendered against the Borrower for any of the offenses within such period or (y) had any public transactions (federal, state or local) terminated for cause or default.

(i) No Lobbying. Pursuant to 31 U.S.C. §1352, to the best of the Borrower's knowledge and belief, (A) no Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the Congress, in connection with the making of the WIFIA Loan, execution (including amendments or modifications) of the WIFIA Loan Documents, or any other federal action under 31 U.S.C. §1352(a)(2); and (B) if any funds other than Federal appropriated funds have been paid or will be paid to any Person for influencing or attempting to influence an officer or employee of any agency, a member (or employee of a member), officer, or employee of the Congress in connection with the WIFIA Loan, the Borrower has completed and submitted to the WIFIA Lender Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(j) Compliance with Laws.

(i) The Borrower, and to the best of its knowledge, each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. §3914 (relating to American iron and steel products), 2 C.F.R. §180.320 and 2 C.F.R. §1532 (relating to non-debarment), 31 U.S.C. §1352 and 40 C.F.R. §34.100 (relating to non-lobbying), and any applicable Sanctions Laws.

(ii) To ensure such compliance, the Borrower has included in all contracts with respect to the Project (A) the contract clauses relating to applicable federal requirements (such as Davis-Bacon and Equal Employment Opportunity) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 12(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 12(j).

(iii) Except as set forth in **Part C of Schedule III** (*Borrower Disclosures*), the Borrower is in compliance with all laws applicable to the Water System (including the Project) relating to environmental, health or safety matters.

(k) Credit Ratings. The WIFIA Loan has received a public Investment Grade Rating from at least one (1) Nationally Recognized Rating Agency, written evidence of such rating has been provided to the WIFIA Lender prior to the Effective Date, and such rating has not been reduced, withdrawn or suspended as of the Effective Date.

(l) No Defaults. No Default or Event of Default, and no default or event of default by the Borrower under any other Related Document, has occurred and is continuing.

(m) Construction Contracts. **Part C of Schedule II** (*Project Details*) sets forth a list of the Existing Construction Contracts as of the Effective Date. With respect to each Construction Contract executed as of any date on which this representation and warranty is made, such Construction Contract is in full force and effect.

(n) Information. The information furnished by, or on behalf of, the Borrower to the WIFIA Lender, when taken as a whole, is true and correct in all material respects (other than for projections and other forward-looking statements contained in the Base Case Financial Model and any Updated Financial Model/Plan which have been made in good faith and based on reasonable assumptions) and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading as of the date made or furnished.

(o) Insurance. The Borrower is in compliance with all insurance obligations required under each Construction Contract and the WIFIA Loan Documents (including Section 14(f) (*Insurance*) hereof) as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound.

(p) No Prohibited Liens. Except for Permitted Liens, the Borrower has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Trust Estate, the Water System, the Project, the Gross Revenues, the Net Revenues, or the Borrower's respective rights in any of the foregoing.

(q) Financial Statements. Each income statement, balance sheet and statement of operations and cash flows (collectively, "**Financial Statements**") delivered to the WIFIA Lender pursuant to **Part B of Schedule V** (*Reporting Requirements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition (including any liabilities or obligations that are required to be disclosed in accordance with GAAP) of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein.

(r) Securities Laws. Under existing law, the WIFIA Bond may be issued and sold without registration under the Securities Act of 1933, as amended, and any State blue sky laws, and the Second Lien Bonds Master Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(s) No Delinquent Taxes or Federal Debt. The Borrower has paid all applicable taxes and other material taxes and assessments payable by it that have become due (other than those taxes or assessments that it is contesting in good faith and by appropriate proceedings, for which adequate reserves have been established to the extent required by GAAP). The Borrower has no delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996).

(t) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed or to be committed for the development and construction of the Project as set forth under the various sources of funds in the Project Budget, will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date. The total federal assistance provided to the Project, including the Maximum Principal Amount

(excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs. The Updated Financial Model/Plan most recently delivered to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) demonstrates that the projected Net Revenues are sufficient to meet the WIFIA Loan Amortization Schedule. The Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing the Project over the useful life of the Project.

(u) Sovereign Immunity. The Borrower either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Borrower under any of the WIFIA Loan Documents or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, or, to the extent that the Borrower has such immunity, the Borrower has waived such immunity to the extent permitted by applicable law pursuant to Section 14(m) (*Immunity*).

(v) Existing Indebtedness. As of the Effective Date, except as set forth in **Part A of Schedule III** (*Borrower Disclosures*), no Obligations of the Borrower are Outstanding. No obligations of the Borrower which are senior or prior in right of payment or right of security with respect to the Trust Estate (or a portion thereof) to the Second Lien Obligations (including the WIFIA Loan) exist or are permitted or will be incurred.

(w) Accuracy of Representations and Warranties. The representations, warranties and certifications of the Borrower set forth in this Agreement and the other WIFIA Loan Documents are true, correct, and complete, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true, correct, and complete as of such earlier date).

Section 13. Representations and Warranties of WIFIA Lender. The WIFIA Lender represents and warrants that:

(a) Power and Authority. The WIFIA Lender has all requisite power and authority to make the WIFIA Loan and to perform all transactions contemplated by the WIFIA Loan Documents to which it is a party.

(b) Due Execution; Enforceability. The WIFIA Loan Documents to which it is a party have been duly authorized, executed and delivered by the WIFIA Lender, and are legally valid and binding agreements of the WIFIA Lender, enforceable in accordance with their terms.

(c) Officers' Authorization. The officers of the WIFIA Lender executing each of the WIFIA Loan Documents to which the WIFIA Lender is a party are duly and properly in office and fully authorized to execute the same on behalf of the WIFIA Lender.

## ARTICLE V COVENANTS

Section 14. Affirmative Covenants. The Borrower covenants and agrees as follows until the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement



(other than contingent indemnity obligations to the extent applicable) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant. The Borrower shall comply with all requirements and conditions specified in the Rate Covenant.

(b) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Trust Estate (whether now existing or hereafter arising) granted to the WIFIA Lender for its benefit pursuant to the WIFIA Loan Documents, or intended so to be granted pursuant to the WIFIA Loan Documents, or which the Borrower may become bound to grant. The Borrower shall at all times maintain the Trust Estate free and clear of any Lien that has priority over, or equal rank with, the Liens created by the Indenture Documents, other than Permitted Liens in accordance with Section 4.07 (*Against Pledge of Revenues*) of the Second Lien Bonds Master Indenture, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Trust Estate granted pursuant to the WIFIA Loan Documents and for the benefit of the WIFIA Lender against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The Borrower shall use the proceeds of the WIFIA Loan solely to pay Eligible Project Costs as permitted by applicable law, this Agreement and the other WIFIA Loan Documents.

(d) Prosecution of Work; Verification Requirements.

(i) The Borrower shall diligently prosecute the work relating to the Project and complete the Project in accordance with the Construction Schedule (and on or prior to the Development Default Date), the Governmental Approvals in connection with the Project, and prudent utility and industry practice.

(ii) The Borrower shall comply with Subpart C of 2 C.F.R. Part 180, as supplemented by Subpart C of 2 C.F.R. Part 1532 (relating to debarment), including the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320, and shall include in its contracts with respect to the Project similar terms or requirements for compliance.

(e) Operations and Maintenance. The Borrower shall operate and maintain the Water System (including the Project) substantially in accordance with the Updated Financial Model/Plan most recently delivered by the Borrower to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) and its operations and maintenance plan (that incorporates the Project). The Borrower shall operate and maintain the Water System (including the Project) in accordance with Sections 4.04 (*Maintenance and Continued Operation of Water System*), 4.08 (*Repairs, Replacements, Additions, Betterments*) and 4.09 (*Control and Operation of Water System*) of the Second Lien Bonds Master Indenture.

(f) Insurance. The Borrower shall at all times procure and maintain or cause to be procured and maintained insurance on the Water System and the construction of the Project, with responsible insurers, or as part of a reasonable system of self-insurance that is actuarially sound and adequately funded, in such amounts and against such risks (including damage to or destruction of the Water System) as are customarily maintained with respect to works and properties of like character against accident to, loss of, or damage to such works or properties, including insurance against public liability, property damage, workers' compensation, and builders' risk, casualty and liability, as appropriate, and otherwise in accordance with the Indenture Documents and Construction Contracts. The insurance policies shall be available at all reasonable times for inspection upon request by the WIFIA Lender, its agents and representatives.

(g) Maintain Legal Structure. The Borrower shall maintain its existence as a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State.

(h) Funds and Accounts; Permitted Investments.

(i) The Borrower shall maintain each of its Funds and Accounts in accordance with the terms hereof and the other WIFIA Loan Documents. All Gross Revenues received shall be deposited into the Water Fund in accordance with Section 3.02 (*Water Fund*) of the Second Lien Bonds Master Indenture, and all Net Revenues shall be deposited into the accounts in the Water Fund, including the Senior Lien Rebate Accounts and the Second Lien Bonds Account and its various subaccounts for each series of Second Lien Bonds, in accordance with Section 3.03 (*Application of Net Revenues*) of the Second Lien Bonds Master Indenture. The Borrower shall not apply any portion of the Gross Revenues or Net Revenues in contravention of this Agreement or the Indenture Documents. Any funds then on deposit in the 2023C Principal and Interest Account (as defined in the Fourteenth Supplemental Indenture) shall only be used for payments of WIFIA Debt Service by the Borrower (or Trustee, if applicable, as directed by the Borrower) in accordance with the WIFIA Loan Documents (including Section 4.05 (*Use of Moneys in the 2023C Principal and Interest Account*) of the Fourteenth Supplemental Indenture).

(ii) If a WIFIA Debt Service Reserve Requirement is applicable as set forth in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), the Borrower shall maintain the WIFIA Debt Service Reserve Account in an amount equal to the WIFIA Debt Service Reserve Requirement in accordance with the provisions of the applicable WIFIA Loan Documents. If the WIFIA Debt Service Reserve Account is funded with proceeds of the WIFIA Loan, amounts in the WIFIA Debt Service Reserve Account shall be applied only to make payments with respect to the WIFIA Bond.

(iii) Amounts on deposit in the Funds and Accounts shall be held uninvested or invested in Permitted Investments in accordance with Section 3.05 (*General Regulations as to Investments*) of the Second Lien Bonds Master Indenture and Section 5.01 (*Investment of Moneys*) of the Fourteenth Supplemental Indenture.

(i) Compliance with Laws.

(i) The Borrower shall, and shall require its contractors and subcontractors at all tiers with respect to the Project to, comply with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. §3914 (relating to American iron and steel products), 2 C.F.R. § 180.320 and 2 C.F.R. §1532 (relating to non-debarment), 31 U.S.C. §1352 and 40 C.F.R. § 34.100 (relating to non-lobbying), and any applicable Sanctions Laws.

(ii) To ensure such compliance, the Borrower shall include in all contracts with respect to the Project (A) the contract clauses relating to applicable federal requirements (such as Davis-Bacon and Equal Employment Opportunity) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 14(i) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 14(i).

(j) Material Obligations. The Borrower shall pay its material obligations payable from the Gross Revenues promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Trust Estate or other assets of the Water System, before the same shall become delinquent or in default, as well as all lawful and material claims for labor, materials and supplies or other claims which, if unpaid, might give rise to a Lien upon the Water System or any part thereof or on the Gross Revenues or the Trust Estate; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(k) SAM Registration and Unique Entity Identifier. The Borrower shall obtain and maintain, on or prior to the Effective Date through (i) the Final Disbursement Date, an active SAM registration status and (ii) the Final Maturity Date, a Unique Entity Identifier.

(l) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to any useful part of the Water System (including the Project), the Borrower shall, as expeditiously as may be possible, commence and diligently pursue the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any insurance shall be payable to the Borrower and (except for proceeds of use and occupancy insurance) shall be deposited into a separate account established by the Borrower with the Trustee and pledged for the benefit of the owners of the Second Lien Bonds and applied to the necessary costs involved in such repair and replacement and, to the extent not so applied, shall (together with proceeds of any such use and occupancy insurance) be deposited by the Borrower as Gross Revenues into the Water Fund in accordance with Section 3.02 (*Water Fund*) of the Second Lien Bonds Master Indenture. In the event that the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for payment of the same, funds available in the Water Fund shall be

used to the extent necessary for such purposes. In the event of the condemnation of any property constituting part of the Water System, any condemnation award (and any payment in lieu of any such condemnation award) that is paid to the Borrower for the benefit of the Water System shall be deposited into a separate account established by the Borrower with the Trustee and pledged for the benefit of the owners of the Second Lien Bonds and applied by the Borrower for any one or more of the following purposes: (i) to fund all or a portion of the cost of any Project (as defined in the Second Lien Bonds Master Indenture); (ii) to pay any amount of the principal installments of, or interest on, any Second Lien Obligations; (iii) to pay the Redemption Price (as defined in the Second Lien Bonds Master Indenture) of any Second Lien Obligations; and (iv) to provide for the defeasance of any Second Lien Obligations (other than the WIFIA Loan) pursuant to the Second Lien Bonds Master Indenture.

(m) Immunity. To the fullest extent permitted by applicable law, the Borrower agrees that it will not assert any immunity (and hereby waives any such immunity) it may have as a governmental entity from lawsuits, other actions and claims, and any judgments with respect to the enforcement of any of the obligations of the Borrower under this Agreement or any other WIFIA Loan Document.

(n) Accounting and Audit Procedures.

(i) The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all (A) Revenues, Operation and Maintenance Costs, capital expenses, depreciation, reserves, debt issued and outstanding and debt payments and (B) Project-related costs, Requisitions submitted, WIFIA Loan proceeds received, payments made by the Borrower with respect to the Project, and other sources of funding for the Project (including amounts paid from such sources for Project costs so that audits may be performed to ensure compliance with and enforcement of this Agreement). The Borrower shall use accounting, audit and fiscal procedures conforming to GAAP, including, with respect to the WIFIA Loan, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts Outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first Borrower Fiscal Year in which a Disbursement is made under this Agreement and annually thereafter to the extent required by applicable law, except in all cases to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Project or the WIFIA Loan, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(o) Access: Records.

(i) So long as the WIFIA Loan or any portion thereof shall remain Outstanding and until five (5) years after the WIFIA Loan shall have been paid in full, the WIFIA Lender shall have the right, upon reasonable prior notice, to visit, monitor and/or inspect any portion of the Project and its operations, to examine books of account and records of the Borrower relating to the Project, to make copies and extracts therefrom at the Borrower's expense, and to discuss the Borrower's affairs, finances and accounts relating to the Project with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the Borrower irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the Borrower, whether or not any representative of the Borrower is present, it being understood that nothing contained in this Section 14(o) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request. The Borrower agrees to pay all out-of-pocket expenses incurred by the WIFIA Lender in connection with the WIFIA Lender's exercise of its rights under this Section 14(o) at any time when an Event of Default shall have occurred and be continuing.

(ii) The Borrower shall maintain and retain all pertinent files relating to the Project and the WIFIA Loan, as may be necessary for the WIFIA Lender to facilitate an effective and accurate audit and performance evaluation of the Project, until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Bond (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Project, the WIFIA Loan or this Agreement is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Borrower. The Borrower shall provide to the WIFIA Lender in a timely manner all records and documentation relating to the Project that the WIFIA Lender may reasonably request from time to time.

Section 15. Negative Covenants. The Borrower covenants and agrees as follows until the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations to the extent applicable) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) Program Requirements. The Borrower shall not create, incur or suffer to exist any Obligations (A) the payments with respect to which are senior or prior in right to the payment by the Borrower of the WIFIA Loan and the other Second Lien Bonds (including payments owed to the WIFIA Lender by the Borrower hereunder and under the WIFIA Bond), (B) secured by a Lien on the Trust Estate that is senior to the Lien on the Trust Estate securing the WIFIA Loan and the other Second Lien Bonds (including payments owed to the WIFIA Lender by the Borrower hereunder and under the WIFIA Bond) or (C) all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Borrower other than the Trust Estate.

(ii) Issuance of Additional Obligations. The Borrower shall not issue or incur any Additional Second Lien Obligations or any Additional Subordinate Lien Obligations except in accordance with all requirements and conditions set forth in the Additional Second Lien Indebtedness Test and the Additional Subordinate Lien Indebtedness Test, respectively.

(iii) Acceleration. In the event that the Borrower grants the holders of any Second Lien Obligations issued or incurred after the Effective Date the right to declare the outstanding balance under such Second Lien Obligations to be immediately due and payable or require the mandatory prepayment in full thereof, in each case upon any breach or event of default under the Second Lien Bonds Master Indenture or the applicable Supplemental Indenture (an “**Other Debt Acceleration Right**”), the Borrower shall concurrently provide the WIFIA Lender with such acceleration or mandatory prepayment right with respect to the WIFIA Loan. In furtherance of the foregoing, upon the granting of an Other Debt Acceleration Right, such acceleration or mandatory prepayment right shall automatically be deemed to be incorporated into this Agreement and the Fourteenth Supplemental Indenture, and the WIFIA Loan shall have the benefit of such acceleration or mandatory prepayment right as if specifically set forth herein and in the Fourteenth Supplemental Indenture. The Borrower shall promptly (A) provide the WIFIA Lender with a copy of the Supplemental Indenture under which such Other Debt Acceleration Right was granted to the holders of such Second Lien Obligations and (B) enter into amendments to this Agreement and the Fourteenth Supplemental Indenture to memorialize such right with respect to the WIFIA Loan.

(b) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish or impair the Liens on the Trust Estate granted pursuant to the Second Lien Bonds Master Indenture, (ii) amend, modify, replace, supplement, terminate or assign any WIFIA Loan Document (other than the Indenture Documents) or permit a waiver of any provision thereof, or (iii) amend, modify, replace, supplement, terminate or assign any Indenture Document or permit a waiver of any provision thereof except as provided in the Second Lien Bonds Master Indenture, in each case of clauses (i) through (iii) above in a manner that could reasonably be expected to materially adversely affect the WIFIA Lender in connection with the WIFIA Loan in a disproportionate manner compared to other holders of Second Lien Obligations.

(c) No Prohibited Liens. In accordance with Section 4.07 (*Against Pledge of Revenues*) of the Second Lien Bonds Master Indenture, except for Permitted Liens, the Borrower shall not create, incur, assume or permit to exist any Lien on the Trust Estate, the Water System, the Project, the Gross Revenues, the Net Revenues, or the Borrower’s respective rights in any of the foregoing.

(d) Restricted Payments and Transfers. The Borrower shall not permit Net Revenues or any funds in any fund or account held by or on behalf of the Borrower to be paid or transferred or otherwise applied for purposes other than for any proper purpose of the Water System in accordance with Sections 3.02 (*Water Fund*), 3.03 (*Application of Net Revenues*) and 3.04 (*Deficiencies, Excess*) of the Second Lien Bonds Master Indenture.

(e) No Prohibited Sale, Lease or Assignment. The Borrower shall not sell, lease or assign its rights in and to the Water System or a substantial portion of the assets included in the Water System, unless such sale, lease or assignment (i) could not reasonably be expected to have a Material Adverse Effect and (ii) is made by the Borrower in the ordinary course of business.

(f) Mergers and Acquisitions. The Borrower shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is permitted by State law and (ii) such reorganization, merger or consolidation will not adversely affect or impair the sufficiency of Net Revenues, other elements of the Trust Estate or other available moneys for the payment of debt service on the Second Lien Obligations.

(g) Hedging. The Borrower shall not enter into any swap or hedging transaction with respect to any Obligations, except as provided in Section 2.09 (*Hedging Transactions*) of the Second Lien Bonds Master Indenture.

(h) Senior Lien Prohibition. The Borrower shall not issue any indebtedness with a lien or security interest on the Trust Estate that is senior to the Second Lien Bonds pursuant to any authorizing ordinance adopted or to be adopted by the City Council, or otherwise.

Section 16. Reporting Requirements. The Borrower agrees to comply with each of the reporting requirements set out in **Schedule V** (*Reporting Requirements*), unless otherwise agreed or waived by the WIFIA Lender in writing.

## ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

### Section 17. Events of Default and Remedies.

(a) An “**Event of Default**” shall exist under this Agreement if any of the following occurs; provided that the occurrence of an event set forth in sub-clauses (v) through (and including) (ix) below shall not constitute an Event of Default under this Agreement until the WIFIA Lender has provided a notice of such Event of Default to the Borrower; provided, further, that nothing in this paragraph is intended to limit any obligation of the Borrower hereunder, including any obligation to cure any event or condition contemplated under this Section 17(a):

(i) Payment Default. The Borrower shall fail to pay when due any part of the principal amount of or interest on the WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Repayment*)), and such failure continues for a period of five (5) days, when and as the payment thereof shall be required under this Agreement or the WIFIA Bond or on the Final Maturity Date (each such failure, a “**Payment Default**”).

(ii) Occurrence of a Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to the Borrower.

(iii) Acceleration of Obligations. Any acceleration shall occur of the maturity of any Second Lien Obligation, or any such Second Lien Obligation shall not be paid in full upon the final maturity thereof.

(iv) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document or denies it has any further liability under any WIFIA Loan Document, or purports to revoke, terminate or rescind any WIFIA Loan Document; (B) any Indenture Document ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the Trust Estate other than as a result of actions or a failure to act by, and within the control of, the Trustee, the WIFIA Lender, or any other holder of Obligations secured by the Trust Estate, and with the priority purported to be created thereby; or (C) any event occurs that results in the impairment in the validity, enforceability, perfection or priority of the WIFIA Lender's security interest in the Trust Estate.

(v) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, the WIFIA Bond or any other WIFIA Loan Document (other than in the case of any Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the Borrower from the WIFIA Lender of written notice thereof or (B) the Borrower's knowledge of such failure; provided that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable.

(vi) Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to the WIFIA Loan Documents (or in any certificates delivered by the Borrower in connection with the WIFIA Loan Documents) shall prove to have been false or misleading in any material respect when made or deemed made (or any representation or warranty or certificate that is subject to a materiality qualifier shall prove to have been false or misleading in any respect); provided that no Event of Default shall be deemed to have occurred under this Section 17(a)(vi) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(g) (*Security Interests*), Section 12(h) (*No Debarment*), Section 12(i) (*No Lobbying*), or Section 12(j) (*Compliance with Laws*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which



the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

(vii) Enforcement of Related Documents. The holder(s) of Obligations under a Related Document exercises remedies permitted thereunder for an event of default that has occurred and is continuing (and has not been cured or waived by the expiration of any applicable grace period), in respect of the performance of any covenant, agreement or obligation of the Borrower under such Related Document.

(viii) Material Adverse Judgment. Any final, non-appealable judgment related to the Trust Estate that results in the impairment of (A) the Borrower's ability to comply with any of its payment obligations under the WIFIA Bond or this Agreement or (B) the existence, priority or perfection (if applicable) of the WIFIA Lender's security interest in the Trust Estate.

(ix) Development Default. A Development Default shall occur.

(b) Upon the occurrence of any Bankruptcy Related Event, all obligations of the WIFIA Lender hereunder with respect to the Disbursement of any undisbursed amounts of the WIFIA Loan shall automatically be deemed terminated.

(c) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the Borrower, may exercise any or all of the following remedies:

(i) the WIFIA Lender may suspend or terminate all of its obligations hereunder with respect to the Disbursement of any undisbursed amounts of the WIFIA Loan;

(ii) the WIFIA Lender may cease permitting interest on all or any portion of the WIFIA Loan to be capitalized;

(iii) the WIFIA Lender may apply the Default Rate provisions of Section 6 (*Interest Rate*);

(iv) the WIFIA Lender may suspend or debar the Borrower from further participation in any program administered by the WIFIA Lender and notify other departments and agencies of such default;

(v) the WIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid hereunder or under the WIFIA Bond or the other WIFIA Loan Documents, and may prosecute any such judgment or final decree against the Borrower and collect in the manner provided by law out of the property of the Borrower the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and remedies of a creditor, and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the Borrower under this Agreement, the WIFIA Bond or the other WIFIA Loan Documents then due and thereafter to become due, or to enforce

performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the WIFIA Bond or the other WIFIA Loan Documents;

(vi) if this Agreement has been amended in accordance with Section 15(a)(iii) (*Negative Covenants – Indebtedness – Acceleration*), the WIFIA Lender may declare the unpaid principal amount of the WIFIA Loan to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement or the other WIFIA Loan Documents, all without presentment, demand, notice, protest or other requirements of any kind, all of which are hereby expressly waived; and

(vii) the WIFIA Lender may take any other remedial action permitted under the Second Lien Bonds Master Indenture.

(d) No action taken pursuant to this Section 17 shall (i) relieve the Borrower from its obligations pursuant to this Agreement, the WIFIA Bond or the other WIFIA Loan Documents, all of which shall survive any such action or (ii) limit the WIFIA Lender's rights under the Indenture Documents, including Article VII (*Default and Remedies*) of the Second Lien Bonds Master Indenture.

## **ARTICLE VII MISCELLANEOUS**

Section 18. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement or the Water System (including the Project) or the existence, furnishing, functioning or use of the Project or any item or products or services provided for in this Agreement.

Section 19. No Personal Recourse. No official, employee or agent of the WIFIA Lender or the Borrower or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable under this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 20. No Third-Party Rights. The parties hereby agree that this Agreement creates no third-party rights against the Borrower, the Federal Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and that no third-party creditor of the Borrower shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

Section 21. Borrower's Authorized Representative. The Borrower shall at all times have appointed a Borrower's Authorized Representative by designating such Person or Persons from time to time to act on the Borrower's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 22. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 31 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Borrower within a reasonable time period following the succession.

Section 23. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Bond. The WIFIA Lender shall give the Borrower written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Bond. The Borrower shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder.

Section 24. Amendments, Waivers and Termination. No amendment, modification, termination, or waiver of any provision of this Agreement or the WIFIA Bond shall in any event be effective without the prior written consent of each of the parties hereto. Notwithstanding the foregoing sentence, if the first Disbursement has not occurred on or prior to the Final Disbursement Date, the WIFIA Lender or the Borrower may terminate this Agreement upon no less than ten (10) Business Days' prior written notice to the other party. Once terminated, this Agreement may not be reinstated.

Section 25. Governing Law. This Agreement shall be governed by the federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 26. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 27. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the Borrower's rights or obligations hereunder or under the WIFIA Bond nor any interest herein or therein may be assigned or delegated by the Borrower without the prior written consent of the WIFIA Lender.

Section 28. Remedies Not Exclusive. No remedy conferred herein or in the WIFIA Bond or reserved to the WIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the WIFIA Bond or now or hereafter existing at law or in equity or by statute.

Section 29. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided hereunder or under the WIFIA Bond upon a default of the Borrower (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence therein. Every right and remedy given by this Agreement or under the WIFIA Bond or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 30. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 31 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 31. Notices.

(a) All notices, requests, or communication hereunder shall be given in writing.

(b) Notices to the WIFIA Lender shall be made by (i) email to the email address noted below for the WIFIA Lender or (ii) submission through another electronic medium or transmission system as designated by and in a format acceptable to the WIFIA Lender, unless otherwise instructed by the WIFIA Lender:

If to WIFIA Lender: Environmental Protection Agency  
WJC-E 7334A  
1200 Pennsylvania Avenue NW  
Washington, D.C. 20460  
Attention: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

(c) Notices to the Borrower shall be made by (i) nationally recognized courier service, (ii) hand delivery, (iii) email, to the email address noted below for the Borrower, or (iv) another electronic medium in a format acceptable to the Borrower, unless otherwise instructed by the Borrower's Authorized Representative:

If to Borrower: The notice details set forth in **Part G of Schedule I**  
(*WIFIA Loan Specific Terms*)

(d) Notices to the Trustee shall be made by (i) nationally recognized courier service, (ii) hand delivery, (iii) email, to the email address noted below for the Trustee, or (iv) another electronic medium in a format acceptable to the Trustee, unless otherwise instructed by the Trustee:

If to Trustee:

The notice details set forth in **Part G of Schedule I**  
(*WIFIA Loan Specific Terms*)

(e) Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 31 (or in accordance with the latest unrevoked written direction from the receiving party), and (y) if given by email or other electronic method, when such email is delivered to the email address specified in this Section 31 or submitted to the electronic medium as directed by the receiving party, in each case with the sender's receipt of an acknowledgement from the intended recipient (such as by a "read receipt," return email, or other written acknowledgement) (or in accordance with the latest unrevoked written direction from the receiving party); provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

Section 32. Indemnification. The Borrower shall, to the extent permitted by law, indemnify the WIFIA Lender, the Servicer (if any), and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement, any Construction Contract, or any other Related Document, (b) the WIFIA Loan or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Project; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower shall be entitled, at its expense, to participate in the defense thereof; provided, that such Indemnitee has the right to retain its own counsel, at the Borrower's expense, and such participation by the Borrower in the defense thereof shall not release the Borrower of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity claim contemplated in this Section 32 is made shall be entitled, after consultation with the Borrower and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower for purposes of this Section 32. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, neither the Borrower nor the WIFIA Lender shall assert, and each of the Borrower and the WIFIA Lender hereby waives, any claim against any Indemnitee or the Borrower, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any Construction Contract, or any other Related Document, the other transactions contemplated hereby and thereby, the WIFIA Loan or

the use of the proceeds thereof, provided, that nothing in this sentence shall limit the Borrower's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 32 shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section 32 shall survive the payment or prepayment in full or transfer of the WIFIA Loan, the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 32) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder or thereunder.

Section 33. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date and (b) other than with respect to a sale or transfer to another Governmental Authority within the Federal Government, the Final Disbursement Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 33. Any such sale or reoffering to anyone other than another Governmental Authority within the Federal Government shall be to either (i) an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, that in either case has provided an investor letter in the form attached hereto as **Exhibit J** (*Form of Investor Letter*). Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of the Borrower in accordance with Section 24 (*Amendments and Waivers*). Prior to any sale or reoffering of the WIFIA Loan, the WIFIA Lender shall provide reasonable written notice to the Borrower of the WIFIA Lender's intention to consummate such a sale or reoffering. The provision of any notice pursuant to this Section 33 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide the Borrower with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan.

Section 34. Effectiveness. This Agreement shall be effective on the Effective Date.

Section 35. Release of Lien. Upon the irrevocable payment in full in immediately available funds by the Borrower of the WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto, the WIFIA Lender shall surrender the WIFIA Bond to the Borrower in accordance with Section 9(b) (*General Prepayment Instructions*).

Section 36. Survival. The indemnification requirements of Section 32 (*Indemnification*), the access and record keeping requirements of Section 14(o) (*Access; Records*) and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such Sections.

Section 37. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

*[The remainder of this page intentionally left blank; signature pages immediately follow.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**CITY OF CHICAGO,**  
by its authorized representative

By:   
Chasse Rehwinkel  
City Comptroller



**UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY**, acting by and  
through the Administrator of the  
Environmental Protection Agency

By:   
Name: Michael S. Regan  
Title: Administrator

**SCHEDULE I**

**WIFIA LOAN SPECIFIC TERMS**

No.	Item	WIFIA Loan Specific Term
<b><i>PART A. Key Borrower Metrics</i></b>		
1.	Effective Date	October 20, 2023.
2.	Borrower	City of Chicago.
3.	Legal Entity	Municipal corporation and home rule unit of local government.
4.	State	Illinois.
5.	Borrower FEIN	36-6005820.
6.	Borrower Unique Entity Identifier	FMFXFBMYHL37.
7.	Initial Borrower Fiscal Year	The fiscal year of the Borrower commencing on January 1 of any given calendar year and ending on December 31 of such year.
8.	Application Receipt Date	August 2, 2021.
9.	WIFIA CUSIP Number	167736 U70, as the CUSIP number for the WIFIA Bond for purposes of monitoring through EMMA.
10.	Water System	Has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term as of the Effective Date is attached hereto as <b>Annex A (Certain Definitions)</b> .
11.	Gross Revenues	Has the meaning ascribed to such term in the Second Lien Bonds Master Indenture and a copy of the definition of such term as of the Effective Date is attached hereto as <b>Annex A (Certain Definitions)</b> .
12.	Trustee	The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, and its successors and assigns.
13.	Trustee Location	Chicago, Illinois.
14.	[Reserved]	[Not applicable.]

No.	Item	WIFIA Loan Specific Term
<b>PART B. Key Project Metrics</b>		
15.	Project	The project is the Borrower's Department of Water Management Water Main and Lead Service Line Replacement Program, located at the Project Location, and consists of the construction and replacement of water lead service lines and the construction and replacement of water mains located in the public way and on the private side in the State of Illinois.
16.	Project Location	Chicago, Illinois.
17.	Projected Substantial Completion Date	March 31, 2027, as such date may be adjusted in accordance with <b>Part C of Schedule V</b> ( <i>Reporting Requirements</i> ).
18.	Development Default Date	March 31, 2029.
19.	NEPA Determination	Finding of No Significant Impact for the Project issued by EPA on March 9, 2022 in accordance with NEPA.
20.	[Reserved]	[Not applicable.]
<b>PART C. Key Loan Metrics</b>		
21.	Maximum Principal Amount	Principal amount up to \$336,000,000 (excluding interest that is capitalized in accordance with the WIFIA Loan Agreement).
22.	WIFIA Interest Rate	Five and fourteen hundredths percent (5.14%) per annum.
23.	Default Rate	Interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) 200 basis points.
24.	Interest Payment Date	Each May 1 and November 1, beginning on May 1, 2027.
25.	Capitalized Interest Period	The period from (and including) the first Disbursement to (but excluding) the date that is six months prior to the Debt Service Payment Commencement Date, subject to being ended by the WIFIA Lender pursuant to Section 8(a)(iii) ( <i>Payment of WIFIA Debt Service</i> ).
26.	Interest Only Period	The period commencing from (and including) the Debt Service Payment Commencement Date and ending on May 1, 2052.

No.	Item	WIFIA Loan Specific Term
27.	Principal Payment Date	Each November 1, beginning on November 1, 2052.
28.	Final Maturity Date	The earliest of (a) November 1, 2056; and (b) the Principal Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.
29.	[Reserved]	[Not applicable.]
<b>PART D. Key Security Metrics</b>		
30.	Lien priority	Second lien.
31.	Springing lien	Not applicable.
32.	Dedicated revenue source	Net Revenues in accordance with Section 2.04 ( <i>Source of Payment; Pledge of Net Revenues and Other Moneys; Prohibition on Issuance of Additional Senior Lien Bonds</i> ) of the Second Lien Bonds Master Indenture.
33.	Trust Estate	Trust Estate as defined in the Granting Clauses of the Second Lien Bonds Master Indenture and as supplemented by the definition of such term in the Granting Clauses of the Fourteenth Supplemental Indenture, a copy of which clauses as of the Effective Date is attached hereto as <b>Annex B</b> ( <i>Trust Estate</i> ).
34.	Funds and Accounts	The funds and accounts established and maintained pursuant to Article III ( <i>Revenues and Funds</i> ) of the Second Lien Bonds Master Indenture, Section 4.02 ( <i>Creation of Accounts and Subaccounts in 2023 Second Lien Bonds Subaccount</i> ) of the Fourteenth Supplemental Indenture, including the Water Fund, the Senior Lien Rebate Accounts, the Second Lien Bonds Account, the 2023 Second Lien Bonds Subaccount, the 2023C Program Fee Account, the 2023C Principal and Interest Account, the 2023C Costs of Issuance Account and the 2023C Construction Account (each as defined in the Fourteenth Supplemental Indenture), the Water Rate Stabilization Account and the Residual Account.

No.	Item	WIFIA Loan Specific Term
35.	Second Lien Bonds Account	Has the meaning ascribed to such term in the Second Lien Bonds Master Indenture.
36.	WIFIA Debt Service Account	2023C Principal and Interest Account (as defined in the Fourteenth Supplemental Indenture).
37.	WIFIA Debt Service Reserve Account	Not applicable.
38.	WIFIA Debt Service Reserve Requirement	Not applicable.
39.	Rate Covenant	The Borrower shall establish, maintain and collect at all times fees, charges and rates for the use and service of the Water System in accordance with Section 4.05 ( <i>Rate Covenant</i> ) of the Second Lien Bonds Master Indenture, a copy of which section (and the related definitions of “Aggregate Second Lien Bonds Requirement” and “Aggregate Second Lien Debt Service”) as of the Effective Date is attached hereto as <b>Annex C</b> ( <i>Rate Covenant</i> ).
40.	Additional Second Lien Indebtedness Test	The Borrower shall not issue additional Second Lien Parity Bonds (as defined in the Second Lien Bonds Master Indenture) unless the applicable conditions in Sections 2.06 ( <i>Conditions Precedent to Delivery of any Series</i> ), 2.07 ( <i>Conditions Precedent to Delivery of any Series of Refunding Obligations</i> ) and 4.06 ( <i>Issuance of Second Lien Parity Bonds</i> ) of the Second Lien Bonds Master Indenture, a copy of which sections as of the Effective Date is attached hereto as <b>Annex D</b> ( <i>Additional Second Lien Indebtedness Test</i> ), are satisfied.
41.	Flow of Funds	The requirements and conditions set forth in Sections 3.02 ( <i>Water Fund</i> ), 3.03 ( <i>Application of Net Revenues</i> ) and 3.04 ( <i>Deficiencies, Excess</i> ) of the Second Lien Bonds Master Indenture, a copy of which sections as of the Effective Date is attached hereto as <b>Annex E</b> ( <i>Flow of Funds</i> ).
<b>PART E. Other Key WIFIA Loan Documents</b>		
42.	WIFIA Bond	The bond issued and delivered by the Borrower in substantially the form of <b>Exhibit A</b> ( <i>Form of WIFIA Bond</i> ).

No.	Item	WIFIA Loan Specific Term
43.	Second Lien Bonds Master Indenture	That certain Amended and Restated Master Indenture of Trust, dated as of May 1, 2023, between the Borrower and the Trustee, as supplemented by each Supplemental Indenture.
44.	Fourteenth Supplemental Indenture	That certain Fourteenth Supplemental Indenture, dated as of October 1, 2023, between the Borrower and the Trustee.
45.	WIFIA Term Sheet	WIFIA term sheet, dated as of the Effective Date, between the Borrower and the WIFIA Lender.
46.	[Reserved]	[Not Applicable.]
<b>PART F. Fees</b>		
47.	Servicing Set-Up Fee	A servicing set-up fee equal to \$33,810.
48.	Construction Period Servicing Fee	An annual construction period servicing fee equal to \$33,810.
49.	Initial Construction Period Servicing Fee	The initial Construction Period Servicing Fee in a prorated amount equal to \$30,990.
50.	Operating Period Servicing Fee	An annual operating period servicing fee equal to \$18,440.
<b>PART G. Borrower Related Notices</b>		
51.	Borrower notice details	City of Chicago Department of Finance 121 North LaSalle Street – Room 700 Chicago, Illinois 60601 Attention: Brendan White – Assistant Commissioner Email: <a href="mailto:brendan.white@cityofchicago.org">brendan.white@cityofchicago.org</a>
52.	Trustee notice details	The Bank of New York Mellon Trust Company, N.A. North LaSalle Street, Suite 700 Chicago, Illinois 60602 Attention: Eduardo Rodriguez – Vice President Email: <a href="mailto:eduardo.rodriquez@bnymellon.com">eduardo.rodriquez@bnymellon.com</a>

## ANNEX A

### CERTAIN DEFINITIONS

The definitions of “Gross Revenues”, “Net Revenues”, “Net Revenues Available for Bonds”, “Operation and Maintenance Costs” and “Water System” in the Second Lien Bonds Master Indenture, in each case as of the Effective Date, are set forth verbatim below. Capitalized terms used in this Annex A shall have the respective meanings assigned to such terms in the Second Lien Bonds Master Indenture.

“**Gross Revenues**” means all income and receipts from any source which under generally accepted accounting principles are properly recognized as being derived from the operation of the Water System, including without limitation (i) charges imposed for water service and usage, (ii) charges imposed for sales of water to municipalities (other than the City) and other users of water service, (iii) charges imposed for inspections and permits for connection to the Water System, (iv) grants (excluding grants received for capital projects) and (v) Investment Earnings. Gross Revenues do not include (a) amounts credited to customers on their bills, such as for the purchase price paid to such customers for capital assets of the Water System, or (b) Federal Subsidies unless the Supplemental Indenture authorizing the series of Second Lien Bonds with respect to which Federal Subsidies are to be paid provides otherwise.”

“**Net Revenues**” means that portion of the Gross Revenues remaining in any period after providing sufficient funds for Operation and Maintenance Costs.”

“**Net Revenues Available for Bonds**” means that portion of the Net Revenues remaining in any period, plus the amounts allocated from the Water Rate Stabilization Account as provided in Section 3.03(f), plus the amounts allocated from the Residual Account at the direction of the Chief Financial Officer as provided in Section 3.03(g).”

“**Operation and Maintenance Costs**” means all expenses reasonably incurred by the City in connection with the operation, maintenance, renewal, replacement and repair of the Water System, which under generally accepted accounting principles are properly chargeable to the Water System and not capitalized, including, without limitation, salaries, wages, retirement plan contribution obligations, taxes, contracts for services, costs of materials and supplies, purchase of power, fuel, insurance, reasonable repairs and extensions necessary to render efficient service, the costs related to any agreements or other arrangements entered into pursuant to this Indenture, Paying Agent's fees, and all incidental expenses, but excluding any provision for depreciation or interest on Second Lien Bonds, Subordinate Lien Obligations, CP Notes, Water System Line of Credit Notes or other obligations for borrowed money payable from the Net Revenues, the fees of the trustee and any remarketing agent, paying agent or bond registrar for the Second Lien Bonds, and the paying agent, if any, for Subordinate Lien Obligations.”

“**Water System**” means all property, real, personal or otherwise, owned or to be owned by the City or under the control of the City and used for water supply, distribution or collection purposes, including the Projects, any and all further extensions, improvements and additions to the foregoing.”

**ANNEX B**  
**TRUST ESTATE**

The Granting Clauses of the Second Lien Bonds Master Indenture and the Granting Clauses of the Fourteenth Supplemental Indenture, in each case as of the Effective Date, are set forth verbatim below. Capitalized terms used in this **Annex B** shall have the respective meanings assigned to such terms in the Second Lien Bonds Master Indenture or the Fourteenth Supplemental Indenture, as applicable.

**Granting Clauses of the Second Lien Bonds Master Indenture:**

**“GRANTING CLAUSES**

The City, in consideration of the premises and the acceptance by the Trustee of the trusts created by this Indenture and of the purchase and acceptance of the Second Lien Bonds by their Owners, and of the sum of one dollar, lawful money of the United States of America, duly paid by the Trustee to the City at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which are acknowledged, in order to secure the payment of the principal of, redemption premium, if any, and interest on the Second Lien Bonds Outstanding according to their tenor and effect, and to secure the performance and observance by the City of all the covenants expressed or implied in this Indenture and in the Second Lien Bonds, assigns and grants a security interest in and to the following to the Trustee, and its successors in trust and assigns forever for the securing of the performance of the obligations of the City set forth below (the “**Trust Estate**”).

**Granting Clause First**

All right, title and interest of the City in and to the Net Revenues and amounts on deposit in the Second Lien Bonds Construction Accounts and the accounts of the Water Fund, except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account.

**Granting Clause Second**

All moneys and securities from time to time held by the Trustee under the terms of this Indenture, except for moneys deposited with or paid to the Trustee and held in trust under this Indenture for the redemption of Second Lien Bonds, notice of the redemption of which has been duly given.

**Granting Clause Third**

Any and all other property, rights and interest of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected to this Indenture, as and for additional security under this Indenture by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is



authorized to receive any and all property thereof at any time and all times and to hold and apply the same subject to the terms of this Indenture.”

**Granting Clauses of the Fourteenth Supplemental Indenture:**

**“GRANTING CLAUSES**

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts created by the Indenture, and of the purchase and acceptance of the Series 2023C Second Lien Bonds by their Registered Owners, and of the sum of one dollar, lawful money of the United States of America, duly paid to it by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Series 2023C Second Lien Bonds according to their tenor and effect, and to secure the performance and observance by the City of all the covenants expressed or implied in the Indenture and in the Series 2023C Second Lien Bonds, assigns and grants a security interest in and to the following to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City set forth below (the “*Trust Estate*”); provided that under no circumstances shall Federal Subsidies be included in the Trust Estate for purposes of, or pledged to secure, the WIFIA Loan:

**GRANTING CLAUSE FIRST**

All right, title and interest of the City in and to Net Revenues and amounts on deposit in the 2023C Construction Account and the accounts of the Water Fund (as defined in the Indenture) (other than monies, instruments and securities or any Qualified Reserve Account Credit Instrument on deposit in a Debt Service Reserve Account for any other Series of Second Lien Bonds issued or to be issued), except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account, in each case to the extent pledged and assigned in the granting clauses of the Indenture;

**GRANTING CLAUSE SECOND**

All moneys and securities from time to time held by the Trustee under the terms of the Indenture; and

**GRANTING CLAUSE THIRD**

Any and all other property, rights and interests of every kind and nature from time to time after the date of this Fourteenth Supplemental Indenture by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected to the Indenture, as and for additional security under the Indenture by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is by this Fourteenth Supplemental Indenture authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture;”

ANNEX C  
RATE COVENANT

Section 4.05 (*Rate Covenant*) of the Second Lien Bonds Master Indenture and the definitions of “Aggregate Second Lien Bonds Requirement” and “Aggregate Second Lien Debt Service” in the Second Lien Bonds Master Indenture, each as of the Effective Date is set forth verbatim below. Capitalized terms used in this **Annex C** shall have the respective meanings assigned to such terms in the Second Lien Bonds Master Indenture.

“**Section 4.05 Rate Covenant.** The City will establish, maintain and collect at all times fees, charges and rates for the use and service of the Water System sufficient at all times to (a) pay Operation and Maintenance Costs and (b) produce Net Revenues Available for Bonds sufficient to pay the principal (at maturity or pursuant to mandatory sinking fund redemption) of and applicable redemption premium and interest on all Bonds Outstanding from time to time, which Net Revenues Available for Bonds shall in each Fiscal Year at least equal the sum of (A) the Aggregate Second Lien Bonds Requirement for the Fiscal Year on all Second Lien Bonds Outstanding, plus (B) 110 percent of the Aggregate Subordinate Lien Debt Service for the Fiscal Year on all Subordinate Lien Obligations Outstanding, plus (C) the annual debt service requirement for the Fiscal Year on all Commercial Paper Notes Outstanding, plus (D) the annual debt service requirement for the Fiscal Year on all Water System Line of Credit Notes Outstanding. These fees, charges and rates shall not be reduced while any Second Lien Bonds are Outstanding, below the level necessary to ensure compliance with the covenants of this Section 4.05.

The City will, prior to the end of each Fiscal Year, conduct a review to determine if it has been and will be in compliance with the rate covenant set forth above. Whenever the annual review indicates that projected Gross Revenues will not be sufficient to comply with the rate covenant, the City shall prepare or have prepared a rate study for the Water System identifying the rate changes necessary to comply with the rate covenant and the Office of the Budget and Management of the City and the Chief Financial Officer shall recommend appropriate action to the City Council to comply with this rate covenant.”

““**Aggregate Second Lien Bonds Requirement**” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to 110 percent of Aggregate Second Lien Debt Service with respect to such Bond Year or other specified 12-month period with respect to the Second Lien Bonds of all Series and all Section 2.08 Obligations and Section 2.09 Obligations, provided that for purposes of Section 4.06, “Aggregate Second Bonds Requirement” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, 110 percent of Annual Second Debt Lien Debt Service with respect to such Bond Year or other specified 12-month period, and for purposes of calculating interest payable during such Bond Year or other specified 12-month period in respect of any Variable Rate Bonds, the rate of interest shall be assumed to equal the rate of interest paid with respect to such Variable Rate Bonds on the interest payment date immediately preceding the date of calculation.”

““**Aggregate Second Lien Debt Service**” means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money

equal to the aggregate amounts required by the provisions of all Supplemental Indentures creating series of Second Lien Bonds and all instruments creating Section 2.08 Obligations and Section 2.09 Obligations to be deposited from Net Revenues in all sub-funds, accounts and subaccounts created under such Supplemental Indentures in such Bond Year or other specified 12-month period, provided that for purposes of calculating interest payable during such Bond Year or other specified 12-month period in respect to any Variable Rate Bonds, the rate of interest shall be assumed to equal the rate of interest paid with respect to such Variable Rate Bonds on the interest payment date immediately preceding the date of calculation.”

## ANNEX D

### ADDITIONAL SECOND LIEN INDEBTEDNESS TEST

Sections 2.06 (*Conditions Precedent to Delivery of any Series*), 2.07 (*Conditions Precedent to Delivery of any Series of Refunding Obligations*) and 4.06 (*Issuance of Second Lien Parity Bonds*) of the Second Lien Bonds Master Indenture, in each case as of the Effective Date, are set forth verbatim below. Capitalized terms used in this **Annex D** shall have the respective meanings assigned to such terms in the Second Lien Bonds Master Indenture.

**“Section 2.06 Conditions Precedent to Delivery of any Series.** Second Lien Bonds of any series shall be executed by the City and delivered to the Trustee and upon such execution and delivery shall be authenticated by the Trustee and delivered to the City or upon its order, but only following the receipt by the Trustee of:

(a) a copy of an ordinance adopted by the City Council, certified by the City Clerk, authorizing the execution and delivery of the Supplemental Indenture referred to in Section 2.05;

(b) a Counsel's Opinion or Opinions to the effect that (i) the City had the right and power to adopt the ordinance referred to in (a) above; the ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and is enforceable in accordance with its terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iii) this indenture and such Supplemental Indenture have been duly and lawfully authorized by all necessary action on the part of the City, have been duly and lawfully executed by authorized officers of the City, are in full force and effect and are valid and binding upon the City and enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iv) the Ordinance, this Indenture and such Supplemental Indenture create the valid pledge of Second Lien. Revenues, moneys and securities which they purport to create; (v) upon their execution, authentication and delivery, the Second Lien Bonds of such series will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State of Illinois, ordinances of the City, including, without limitation, the applicable Second Lien Bond Ordinance, this Indenture and such Supplemental Indenture; and (vi) any required approval for the issuance of the Second Lien Bonds has been obtained;

(c) a written order as to the delivery of such series, executed by an Authorized Officer (i) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such series and that no Event of Default has occurred and is continuing under this Indenture and (ii) fixing and determining all terms and provisions of the Second Lien Bonds of such series not fixed or determined by this Indenture or the Supplemental Indenture referred to in Section 2.05;

(d) an executed counterpart of the Supplemental Indenture referred to in Section 2.05;

(e) A Certificate of the Chief Financial Officer evidencing compliance with the rate covenant set forth in Section 4.05 and (other than with respect to the initial series of Second Lien Bonds), the additional Second Lien Bonds test set forth in Section 4.06 and

(f) such further documents and moneys as are required by the provisions of Article IV, or any Supplemental Indenture.

**Section 2.07 Conditions Precedent to Delivery of any Series of Refunding Obligations.** All Refunding Obligations of any series shall be executed by the City and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only following the receipt by the Trustee of:

(a) The documents referred to in Section 2.06; provided however, that if Section 4.06(b)(ii) applies to the Refunding Obligations, the document referred to in Section 2.06(e) shall not be required;

(b) if a redemption of Second Lien Bonds is to be effected, irrevocable instructions to the Trustee to give due notice of redemption of all the Second Lien Bonds to be refunded and the redemption date or dates, if any, upon which such Second Lien Bonds are to be redeemed;

(c) if a redemption of Second Lien Bonds is to be effected and the redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to publish as provided in the applicable Supplemental Indenture notice of redemption of such Second Lien Bonds on a specified date prior to their redemption date;

(d) a certificate of an independent certified public accountant stating the amount of either (i) moneys (which may include all or a portion of such series) in an amount sufficient to pay the Second Lien Bonds to be refunded at the applicable Redemption Price of the Second Lien Bonds to be refunded together with accrued interest on such Second Lien Bonds to the redemption date or dates, or (ii) Governmental Obligations the principal of, and interest on, which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Second Lien Bonds to be issued), if any, which must be contemporaneously deposited with the Trustee, to be sufficient to pay when due the applicable Redemption Price of the Second Lien Bonds to be refunded, together with accrued interest on such Second Lien Bonds to the redemption date or dates or the date or dates of maturity of such Second Lien Bonds; and

(e) such further documents and moneys as are required by the provisions of Article V or any Supplemental Indenture.”

**“Section 4.06 Issuance of Second Lien Parity Bonds.**

(a) As long as there are any Outstanding Second Lien Bonds, the City may issue Second Lien Parity Bonds for any lawful purpose of the Water System, including to refund Outstanding Second Lien Bonds, Subordinate Lien Obligations or obligations payable from revenues of the Water System on a basis subordinate to the Second Lien Bonds and Subordinate Lien Obligations, upon compliance with the following conditions:

- i. the funds required to be transferred to the Second Lien Bonds Account and its sub-funds, accounts and subaccounts shall have been transferred in full up to the date of delivery of such Second Lien Parity Bonds; and
- ii. (1) Net Revenues Available for Bonds for the last completed Fiscal Year prior to the issuance of the Second Lien Parity Bonds (as shown by the audit of an independent certified public accountant), or Net Revenues Available for Bonds for such last completed Fiscal Year, adjusted as described below, shall equal at least 100 percent of the sum of the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the proposed Second Lien Parity Bonds, computed on a pro forma basis assuming (w) the issuance of the proposed Second Lien Parity Bonds and the application of the proceeds of any Second Lien Parity Bonds as provided in the ordinance or trust indenture authorizing their issuance, sale and delivery and (x) any allocation of amounts in the Residual Account pursuant to Section 3.03(g) as shall be estimated by the Chief Financial Officer in the current or any future Fiscal Year. Net Revenues Available for Bonds may be adjusted as follows for purposes of this paragraph (ii):
  - A. if prior to the issuance of such Second Lien Parity Bonds, the City shall have enacted an increase in the rates of the Water System from the rates in effect for such last completed Fiscal Year, Net Revenues Available for Bonds may be adjusted to reflect the Net Revenues Available for Bonds for such last completed Fiscal Year as they would have been had the increased rates been in effect during all of that last completed Fiscal Year; and
  - B. if prior to the issuance of such Second Lien Parity Bonds the City shall have enacted an increase in the rates of the Water System scheduled to take effect in a future Fiscal Year, such rate increase may be reflected in Net Revenues Available for Bonds for purposes of calculating debt service coverage for such completed Fiscal Year;

Any such adjustment shall be evidenced by a certificate of the Chief Financial Officer.

(2) The conditions of paragraph (a)(ii)(1) shall be deemed to have been satisfied if Net Revenues Available for Bonds for the current or the next succeeding Fiscal Year (as estimated by the Chief Financial Officer), adjusted as described in paragraph (a)(ii)(1), shall equal at least 100 percent of the sum of the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the proposed Second Lien Parity Bonds, computed on a pro forma basis assuming (y) the issuance of the proposed Second Lien Parity Bonds and the application of the proceeds of any Second Lien Parity Bonds

as provided in the ordinance or trust indenture authorizing their issuance, sale and delivery and (z) any allocation of amounts in the Residual Account pursuant to Section 3.03(g) as shall be estimated by the Chief Financial Officer in the current or any future Fiscal Year. In estimating Net Revenues Available for Bonds for the next succeeding Fiscal Year, the City shall engage the services of and be guided by a consultant of national reputation for advising municipalities with respect to setting rates and charges for water systems.

(b) The City may issue Second Lien Parity Bonds without complying with the requirements of paragraph (a) of this Section 4.06:

- i. to pay, redeem or refund Bonds if in the judgment of the City there will be insufficient money available to make payments of interest on or principal of those Bonds (at maturity or on Sinking Fund Payments dates) as such amounts become due; or
- ii. to pay, redeem or refund any Bonds if (A) the sum of the Aggregate Second Lien Debt Service and the Aggregate Subordinate Lien Debt Service in each Fiscal Year in which there was to be any Aggregate Second Lien Debt Service or Aggregate Subordinate Lien Debt Service on Bonds after the issuance of the Second Lien Parity Bonds and the payment, redemption or refunding of such Bonds will not be in excess of (B) the sum of the Aggregate Second Lien Debt Service and Aggregate Subordinate Lien Debt Service prior to the issuance of the Second Lien Parity Bonds in each such Fiscal Year.

(c) Other obligations, including bonds, may be issued payable from Net Revenues on a basis subordinate to the Second Lien Bonds.”

**ANNEX E**  
**FLOW OF FUNDS**

Sections 3.02 (*Water Fund*), 3.03 (*Application of Net Revenues*) and 3.04 (*Deficiencies, Excess*) of the Second Lien Bonds Master Indenture, in each case as of the Effective Date, are set forth verbatim below. Capitalized terms used in this **Annex E** shall have the respective meanings assigned to such terms in the Second Lien Bonds Master Indenture.

**“Section 3.02 Water Fund.** There has been created and there exists, and the City has agreed to maintain, a separate fund of the City designated the Water Fund into which the Gross Revenues of the Water System are and shall be deposited as collected. The Water Fund shall continue as a separate fund of the City. The Water Fund shall constitute a trust fund and, not in limitation of the lien and security interest granted under this Indenture, has been irrevocably pledged to the owners of the Senior Lien Bonds (but solely with respect to amounts on deposit in the Senior Lien Rebate Accounts), Second Lien Bonds (but not with respect to amounts on deposit in the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account), Subordinate Lien Obligations (but solely with respect to amounts on deposit in the Subordinate Lien Obligations Account), CP Notes (but solely with respect to amounts on deposit in the Commercial Paper Account) and Water System Line of Credit Notes (but solely with respect to amounts on deposit in the Line of Credit Notes Account) from time to time Outstanding for the sole purpose of carrying out the covenants, terms and conditions of this Indenture.

The Water Fund shall be used only as provided in this Indenture for first, (a) paying Operation and Maintenance Costs and then, (b) establishing and maintaining (for the purposes specified in this Indenture) the Accounts in the Water Fund described in Section 3.03 of this Indenture and all other reserve funds or accounts which are required to be established and maintained in the this Indenture or the ordinances authorizing the issuance of Second Lien Bonds, Subordinate Lien Obligations, Commercial Paper Notes and Water System Line of Credit Notes; provided that any funds available after these requirements have been satisfied or which are not necessary to satisfy these requirements may be used for any lawful purpose of the Water System.

**Section 3.03 Application of Net Revenues.** There have been created, there exists and the City has agreed to maintain in the Water Fund, the following separate accounts: the Water Rate Stabilization Account, the Residual Account and the Senior Lien Rebate Accounts. There have also been created and the City has agreed to maintain in the Water Fund, (i) the Second Lien Bonds Account and its various Subaccounts for each series of Second Lien Bonds, (ii) the Subordinate Lien Obligations Account and its various Subaccounts for each series of Subordinate Lien Obligations, (iii) the Commercial Paper Account and its various Subaccounts and (iv) the Line of Credit Notes Account and its various Subaccounts. The Net Revenues shall be transferred, without any further official action or direction, to the Senior Lien Rebate Accounts, the Second Lien Bonds Account, the Subordinate Lien Obligations Account, the Commercial Paper Account, the Line of Credit Notes Account, the Water Rate Stabilization Account and the Residual Account in the order in which those accounts are listed below, for use in accordance with the provisions of paragraphs (a), (b), (c), (d), (e), (f) and (g) of this Section 3.03.



(a) Senior Lien Rebate Accounts. There shall be transferred from the Water Fund from Net Revenues and deposited to the credit of the various Senior Lien Rebate Accounts the amounts as shall be required to be held available for rebate to the United States of America with respect to each series of Senior Lien Bonds as required by the applicable provisions of the authorizing ordinances for such series of Senior Lien Bonds. Each such Senior Lien Rebate Account shall be maintained in a separate bank account in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. The amount to be held available shall be determined from time to time by the City pursuant to the ordinances authorizing the various series of Senior Lien Bonds.

Amounts in such Senior Lien Rebate Accounts shall be used at the direction of the City to make rebate payments to the United States of America and to the extent not needed for such purpose shall be transferred to the Water Fund.

(b) Second Lien Bonds Account. The Trustee shall, at the written request of the City, establish such additional subaccounts within the Second Lien Bonds Account, and accounts and subaccounts within any such subaccounts, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Second Lien Bonds Account or such sub-funds. There shall be established by the Supplemental Indenture authorizing the issuance of any series of Second Lien Parity Bonds a Subaccount in the Second Lien Bonds Account with respect to such Second Lien Parity Bonds; provided that the name of the Subaccount shall reflect the actual designation of such series of Second Lien Parity Bonds, as well as any additional accounts, subaccounts and sub-subaccounts within such Subaccount specified by such Supplemental Indenture; and such Supplemental Indenture may provide that amounts on deposit in such accounts, subaccounts and sub-subaccounts shall be held by the Trustee for the sole and exclusive benefit of such series of Second Lien Parity Bonds and any related Section 2.08 Obligations or Section 2.09 Obligations as may be specifically designated in such Supplemental Indenture. There shall be transferred from the Water Fund from Net Revenues to the Second Lien Bonds Account and to each Subaccount in the Second Lien Bonds Account such amounts on such dates as are required to be so transferred by the Supplemental Indenture authorizing the series of Second Lien Parity Bonds corresponding to such Subaccount, without priority of one Subaccount over any other Subaccount, and the amounts so transferred shall be credited to the accounts, subaccounts and sub-subaccounts within such Subaccount as provided in such Supplemental Indenture, and such amounts shall be used to pay the principal of and interest on such series of Second Lien Parity Bonds and any related Section 2.08 Obligations or Section 2.09 Obligations and for such other purposes as provided in such Supplemental Indenture.

(c) Subordinate Lien Obligations Account. There have been established and there shall exist and be maintained in the Subordinate Lien Obligations Account the following separate and segregated Subaccounts: the Subordinate Lien Principal and Interest Subaccount and the Subordinate Lien Debt Service Reserve Subaccount. There may be established by any ordinances or Supplemental Indentures authorizing the issuance of any series of Subordinate Lien Parity Obligations one or more Sub-subaccounts in the Subordinate Lien Principal and Interest Subaccount and Subordinate Lien Debt Service Reserve Subaccount with respect to such Subordinate Lien Parity Obligations. On the business day immediately preceding each May 1 and

November 1, there shall be transferred from the Water Fund from Net Revenues to the Subordinate Lien Obligations Account, the amount required by the Supplemental Indenture authorizing the issuance of Subordinate Lien Obligations to be deposited in the Subordinate Lien Obligations Account on such date without priority, one over the other, to any Subaccounts within the Subordinate Lien Obligations Account, the amount to be so deposited specified in a certificate of the Chief Financial Officer. The moneys in the various Subaccounts of the Subordinate Lien Obligations Account and Sub-subaccounts described in this paragraph (e) shall be used to pay such amounts as may be required to be paid by the ordinances and Supplemental Indentures authorizing Subordinate Lien Parity Obligations

(d) Commercial Paper Account. There has been established and there shall exist and be maintained in the Water Fund a separate and segregated Commercial Paper Account. There may be established by any ordinances or Supplemental Indentures authorizing the issuance of any CP Notes one or more other Subaccounts in the Commercial Paper Account with respect to such CP Notes. There shall be transferred from the Water Fund from Net Revenues to the Commercial Paper Account and to the Subaccounts in the Commercial Paper Account such amounts on such dates as are required to be so transferred by the Supplemental Indenture pursuant to which the CP Notes are issued. The moneys in the various Subaccounts of the Commercial Paper Account shall be transferred by the Chief Financial Officer on the date so deposited in such various Subaccounts to the appropriate paying agents or trustees for the related CP Notes for the purpose of paying such amounts as may be required to be paid by the ordinances and Supplemental Indentures authorizing such CP Notes.

(e) Line of Credit Notes Account. There has been established and there shall exist and be maintained in the Water Fund a separate and segregated Line of Credit Notes Account. There may be established by any ordinances or related Water System Line of Credit Agreements authorizing the issuance of any Water System Line of Credit Notes one or more other Subaccounts in the Line of Credit Notes Account with respect to such Water System Line of Credit Notes. There shall be transferred from the Water Fund from Net Revenues to the Line of Credit Notes Account and to the Subaccounts in the Line of Credit Notes Account such amounts on such dates as are required to be so transferred by the Water System Line of Credit Agreements pursuant to which the Water System Line of Credit Notes are issued. The moneys in the various Subaccounts of the Line of Credit Notes Account shall be transferred by the Chief Financial Officer on the date so deposited in such various Subaccounts to the appropriate owners of or paying agents or trustees for the related Water System Line of Credit Notes for the purpose of paying such amounts as may be required to be paid by the ordinances and related Water System Line of Credit Agreements authorizing such Water System Line of Credit Notes.

(f) Water Rate Stabilization Account. On the Business Day immediately preceding each November 2 there shall be transferred from the Water Fund from Net Revenues and deposited to the credit of the Water Rate Stabilization Account such amount as shall be required for the balance in the Water Rate Stabilization Account to equal at least ninety (90) Days' Cash On Hand. The Water Rate Stabilization Account shall be maintained in a separate bank account in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. At any time in any year the City may withdraw any amounts from the Water Rate Stabilization Account and use those amounts for (i) paying any expenses or obligations of the Water System, including,

without limitation. any Operation and Maintenance Costs, (ii) making deposits when due in the Second Lien Bonds Account, (iii) making deposits when due in the Subordinate Lien Obligations Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bonds Account), (iv) making deposits when due in the Commercial Paper Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts or the Subordinate Lien Obligations Account), (v) making deposits when due in the Line of Credit Notes Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts, in the Subordinate Lien Obligations Account or in the Commercial Paper Account), (vi) any cost of repairs, replacements, renewals, improvements, equipment or extensions to the Water System or (vii) any other cost or expense relating to the Water System or the financing or refinancing of the Water System. For purposes of complying with Sections 4.05 and 4.06(a), the Chief Financial Officer may allocate from the Water Rate Stabilization Account to Net Revenues Available for Bonds, the amount determined by the Chief Financial Officer to be allocated for the applicable Fiscal Year.

(g) Residual Account. There shall be transferred from the Water Fund from Net Revenues and deposited to the credit of the Residual Account such amounts as are not otherwise required for the purposes specified in paragraphs (a) through (f) of this Section 3.03 or by Section 3.04. The Residual Account shall be maintained in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. In any year the City may withdraw any amounts from the Residual Account and use those amounts for (i) paying any expenses or obligations of the Water System, including, without limitation. any Operation and Maintenance Costs, (ii) making deposits when due in the Second Lien Bonds Account, (iii) making deposits when due in the Subordinate Lien Obligations Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bonds Account), (iv) making deposits when due in the Commercial Paper Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts or the Subordinate Lien Obligations Account), (v) making deposits when due in the Line of Credit Notes Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts, in the Subordinate Lien Obligations Account or in the Commercial Paper Account), (vi) any cost of repairs, replacements, renewals, improvements, equipment or extensions to the Water System or (vii) any other cost or expense relating to the Water System or the financing or refinancing of the Water System. For purposes of complying with Sections 4.05 and 4.06(a), the Chief Financial Officer may allocate from the Residual Account to Net Revenues Available for Bonds, the amount determined by the Chief Financial Officer to be allocated for the applicable Fiscal Year.

**Section 3.04 Deficiencies, Excess.** In the event of a deficiency in any Fiscal Year in any Senior Lien Rebate Account, the Second Lien Bonds Account, or the Subordinate Lien Obligations Account, the Commercial Paper Account, the Line of Credit Notes Account or the Water Rate Stabilization Account, the amount of such deficiency shall be transferred from the Residual Account and deposited into such Account or Subaccount.

Whenever the balance in any Subaccount of any Senior Lien Rebate Account exceeds the amount required to be on deposit in that Account or Subaccount, such excess may be transferred to the Water Fund, provided in each case that no such transfers shall be made when any debt service payments on outstanding obligations of the City that are payable by their terms from the

revenues of the Water System are past due. Any funds which remain in the Water Fund at the end of any Fiscal Year shall be retained in the Residual Account of the Water Fund and shall be available for appropriation for any proper purpose of the Water System.”

## ANNEX F

### SECTION 2.08 OBLIGATIONS AND SECTION 2.09 OBLIGATIONS

The definitions of “Section 2.08 Obligations” and “Section 2.09 Obligations” in the Second Lien Bonds Master Indenture and Sections 2.08 (*Letters of Credit and Other Credit Enhancement Securing Second Lien Bonds*) and 2.09 (*Hedging Transactions*) of the Second Lien Bonds Master Indenture, in each case as of the Effective Date, are set forth verbatim below. Capitalized terms used in this **Annex F** shall have the respective meanings assigned to such terms in the Second Lien Bonds Master Indenture.

“**Section 2.08 Obligations**” means any obligations incurred by the City to reimburse or otherwise make payments to the issuer or issuers of one or more letters of credit, lines of credit, standby purchase agreements, financial guaranty insurance policies or surety bonds (including Qualified Reserve Account Instruments as defined in Section 4.14) securing one or more series of Second Lien Bonds as described in Section 2.08, including any fees or other amounts payable to the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, whether such obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination thereof.

“**Section 2.09 Obligations**” means any obligations incurred by the City to any one or more Hedge Counterparties pursuant to Section 2.09 including any fees or amounts payable by the City under each related Interest Rate Hedge Agreement or agreement described in Section 2.09(b).”

“**Section 2.08 Letters of Credit and Other Credit Enhancement Securing Second Lien Bonds**. The City reserves the right to provide one or more irrevocable letters of credit, lines of credit, standby purchase agreements, financial guaranty insurance policies or surety bonds (including Qualified Reserve Account Instruments as defined in Section 4.14), or a combination of the foregoing to secure the payment of the principal of, premium, if any, and interest on one or more series of Second Lien Bonds, or in the event owners of such Second Lien Bonds have the right to require tender or purchase of such Second Lien Bonds, to secure the payment of the tender or purchase price of such Second Lien Bonds upon the demand of their owners. In connection with any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond the City may execute and deliver an agreement setting forth the conditions upon which drawings or advances may be made under such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond and the method by which the City will reimburse the issuer of such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond for such drawings together with interest on such drawings at such rate or rates as provided in such instrument and otherwise make payments of fees and other obligations as may be agreed upon by the City and the issuer of such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond. Any such obligation of the City to reimburse or otherwise -make payments of fees and other obligations to the issuer of such letter of credit, line of credit, standby purchase

agreement, financial guaranty insurance policy, or surety bond shall constitute a Second Lien Bond under this Indenture to the same extent as any series-of Second Lien Bonds issued pursuant to a Supplemental Indenture, and any and all amounts payable by the City to reimburse and otherwise make payments of fees and other obligations to the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, together with interest on such amounts, as well as amounts paid for fees or other obligations, shall for purposes of this Indenture be deemed to constitute the payment of principal of, premium, if any, and interest on Second Lien Bonds.

### **Section 2.09 Hedging Transactions.**

(a) Subject to Section 2.9(d), if the City shall enter into an Interest Rate Hedge Agreement with a Hedge Counterparty requiring the City to pay a fixed interest rate on a notional amount, or requiring the City to pay a variable interest rate on a notional amount, and the City has made a determination that such Interest Rate Hedge Agreement was entered into for the purpose of providing substitute interest payments for Second Lien Bonds of a particular maturity or maturities in a principal amount equal to the notional amount of the Interest Rate Hedge Agreement and so long as the Hedge Counterparty under such Interest Rate Hedge Agreement is not in default under such Interest Rate Hedge Agreement:

- i. for purposes of any calculation of Annual Second Lien Debt Service, the interest rate on the Second Lien Bonds of such maturity or maturities shall be determined as if such Second Lien Bonds bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the City under such Interest Rate Hedge Agreement;
- ii. any net payments required to be made by the City to the Hedge Counterparty pursuant to such Interest Rate Hedge Agreement from Net Revenues shall be deemed payments on Second Lien Bonds, and be made on a parity with payments due on other Second Lien Bonds; and
- iii. any net payments received by the City from the Hedge Counterparty pursuant to such Interest Rate Hedge Agreement shall be applied in the Second Lien Bonds Account.

(b) If the City shall enter into an agreement of the type generally described in subsection (a) of this Section 2.09 that does not satisfy the requirements for qualification as an Interest Rate Hedge Agreement as a result of its failure to make the determination described therein or otherwise, then:

- i. the interest rate adjustment or assumptions referred to in paragraph (i) of said subsection (a) shall not be made;
- ii. any net payments required to be made by the City to the Hedge Counterparty pursuant to such swap agreement from Gross Revenues shall be made only from amounts available after the payment of all Second Lien Bonds; and

iii. any net payments received by the City from the Hedge Counterparty pursuant to such swap agreement may be treated as Gross Revenues at the option of the City and applied as directed by the City.

(c) Termination payments made with respect to an agreement described in paragraphs (a) and (b) of this Section 2.09 shall be subordinate to payments then due on Second Lien Bonds.

(d) The City may enter into an Interest Rate Hedge Agreement pursuant to Section 2.9(a) only if (i) each Rating Agency then rating or proposing to rate Second Lien Bonds (if such Rating Agency also rates the unsecured obligations of the Hedge Counterparty or its guarantor) has assigned to the unsecured obligations of the Hedge Counterparty or of the person who guarantees the obligation of the Hedge Counterparty to make its payments to the City, as of the date the Interest Rate Hedge Agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Second Lien Bonds by such Rating Agency (without regard to Credit Enhancement Instruments), and (ii) the City has notified each Rating Agency then rating or proposing to rate Second Lien Bonds (whether or not such Rating Agency also rates the unsecured obligations of the Hedge Counterparty or its guarantor) in writing, at least 15 days prior to executing and delivering the Interest Rate Hedge Agreement of its intention to enter into the Interest Rate Hedge Agreement and has received from such Rating Agency a written indication that the entering into of the Interest Rate Hedge Agreement by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its unenhanced rating on the Second Lien Bonds.”

**SCHEDULE II**  
**PROJECT DETAILS**

**PART A. Project Budget.**

<b>SOURCES OF FUNDS</b>	<b>AMOUNT (\$ USD)</b>	<b>PERCENTAGE (%)</b>
WIFIA Loan	\$336,000,000	22.67%
Revenue Bonds	\$159,270,000	10.75%
SRF Debt	\$362,950,000	24.49%
Other Funds*	\$601,940,000	40.62%
CDBG	\$15,000,000	1.01%
Other Federal	\$5,000,000	0.34%
City	\$1,050,000	0.07%
Cash	\$750,000	0.05%
<b>Total Sources of Funds</b>	<b>\$1,481,960,000</b>	<b>100.00%</b>
<b>USES OF FUNDS</b>	<b>AMOUNT (\$ USD)</b>	<b>PERCENTAGE (%)</b>
Construction	\$1,223,860,000	82.58%
Design	\$103,240,000	6.97%
Planning	\$750,000	0.05%
Contingency	\$154,000,000	10.39%
Financing Costs	\$100,000	0.01%
<b>Total Uses of Funds</b>	<b>\$1,481,950,000</b>	<b>100.00%</b>
<b>Total Eligible Project Costs</b>	<b>\$1,481,950,000</b>	<b>100.00%</b>
<b>Total Project Costs</b>	<b>\$1,481,950,000</b>	<b>100.00%</b>

\* Other Funds include private side eligible funding sources such as GO Bonds, grants or other city funds.

**PART B. Construction Schedule.**

Projected Substantial Completion Date: March 31, 2027

<b>PROJECT ELEMENT</b>	<b>DESIGN COMPLETION</b>	<b>CONSTRUCTION START</b>	<b>CONSTRUCTION END</b>
Water Main Replacement	10/1/2022	3/1/2023	12/31/2023
Lead Service Line Replacement (LSLR) Alongside Water Main Replacement	9/1/2022	3/1/2023	12/31/2024
Lead Service Line Replacement (LSLR)	6/1/2024	1/1/2025	3/31/2027



Alongside Water Main Replacement			
Lead Service Line Replacement (LSLR) For Broken/Leaking Lead Service Lines	6/1/2022	10/31/2022	3/31/2027
Additional Lead Service Line Replacement (LSLR) Programs	6/1/2022	3/1/2023	3/31/2027

**PART C. Existing Construction Contracts.**

<b>Contract Name</b>	<b>Effective Date</b>	<b>Amount</b>	<b>Parties</b>	<b>Description</b>
Spec.# 1241499 Water Main Construction and Lead Service Line Replacement (LSLR) Pilot Project	11/30/2022	\$1,678,760	Benchmark Construction Co., Inc.	Lead Service Line Replacement (LSLR) Alongside Water Main Replacement

**SCHEDULE III**  
**BORROWER DISCLOSURES**

**PART A. Existing Indebtedness.**

1. Senior Lien Obligations

None.

2. Second Lien Obligations

	<b>Agreement/Series</b>	<b>Outstanding Principal as of October 1, 2023</b>
1.	\$100,000,000 Series 2000 Second Lien Water Revenue Bonds, issued pursuant to the Ordinance, adopted by the City Council on November 17, 1999, maturing on November 1, 2030.	\$100,000,000.00
2.	\$81,500,000 Series 2001 Second Lien Water Revenue Refunding Bonds, issued pursuant to the Ordinance, adopted by the City Council on October 31, 2001, maturing on November 1, 2031.	\$78,135,000.00
3.	\$344,575,000 Series 2004 Second Lien Water Revenue Refunding Bonds, issued pursuant to the Ordinance, adopted by the City Council on May 26, 2004, maturing on November 1, 2027.	\$174,955,000.00
4.	\$549,915,000 Series 2008 Second Lien Water Revenue Bonds, issued pursuant to the Ordinance, adopted by the City Council on September 27, 2007, maturing on November 1, 2038.	\$4,640,000.00
5.	\$33,915,000 Series 2010A Second Lien Water Revenue Bonds, Project and Refunding issued pursuant to the Ordinance, adopted by the City Council on July 28, 2010 as supplemented and amended by an ordinance adopted by the City Council on September 8, 2010, maturing on November 1, 2023.	\$5,085,000.00
6.	\$250,000,000 Series 2010B Second Lien Water Revenue Bonds, Taxable Project (Build America Bonds - Direct Payment) issued pursuant to the Ordinance, adopted by the City Council on July 28, 2010 as supplemented and amended by an ordinance adopted by the City Council on September 8, 2010, maturing on November 1, 2040.	\$250,000,000.00
7.	\$29,665,000 Series 2010C Second Lien Water Revenue Bonds, Taxable Project (Qualified Energy Conservative	\$29,665,000.00

	<b>Agreement/Series</b>	<b>Outstanding Principal as of October 1, 2023</b>
	Bonds - Direct Payment) issued pursuant to the Ordinance, adopted by the City Council on July 28, 2010 as supplemented and amended by an ordinance adopted by the City Council on September 8, 2010, maturing on November 1, 2029.	
8.	\$399,445,000 Series 2012 Second Lien Water Revenue Bonds, issued pursuant to the Ordinance, adopted by the City Council on March 14, 2012 and amended on May 9, 2012, maturing on November 1, 2042.	\$32,330,000.00
9.	\$367,925,000 Series 2014 Second Lien Water Revenue Bonds, issued pursuant to the Ordinance, adopted by the City Council on April 30, 2014, maturing on November 1, 2044.	\$314,590,000.00
10.	\$59,595,000 Series 2016A-1 Second Lien Water Revenue Bonds (Tax-Exempt), issued pursuant to the Ordinance, adopted by the City Council on March 16, 2016, maturing on November 1, 2031.	\$59,595,000.00
11.	\$199,355,000 Series 2017 Second Lien Water Revenue Refunding Bonds, issued pursuant to the Ordinance, adopted by the City Council on January 13, 2016, maturing on November 1, 2036.	\$167,265,000.00
12.	\$235,260,000 Series 2017-2 Second Lien Water Revenue Refunding Bonds, issued pursuant to the Ordinance, adopted by the City Council on November 8, 2017, maturing on November 1, 2038.	\$191,565,000.00
13.	\$254,210,000 Series 2023A Second Lien Water Revenue Bonds, issued pursuant to the Ordinance, adopted by the City Council on June 27, 2018; as amended by an ordinance duly adopted by the City Council on October 27, 2021; as further amended by an ordinance adopted by the City Council on November 7, 2022, maturing on November 1, 2062.	\$254,210,000.00
14.	\$322,205,000 Series 2023B Second Lien Water Revenue Refunding Bonds, issued pursuant to the Ordinance, adopted by the City Council on June 27, 2018; as amended by an ordinance duly adopted by the City Council on October 27, 2021; as further amended by an ordinance adopted by the City Council on November 7, 2022, maturing on November 1, 2040.	\$322,205,000.00

**3. Subordinate Lien Obligations**

	<b>Agreement/Series</b>	<b>Outstanding Principal as of October 1, 2023</b>
1.	Loan Agreement – Drinking Water Project: L17-2054 for the principal amount of \$2,643,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on June 30, 2003, maturing on 11/1/2025.	\$421,583.17
2.	Loan Agreement – Drinking Water Project: L17-3767 for the principal amount of \$44,668,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on May 27, 2014, maturing on 9/9/2037.	\$33,209,882.58
3.	Loan Agreement – Drinking Water Project: L17-3769 for the principal amount of \$1,528,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on July 8, 2010, maturing on 11/1/2032.	\$780,579.80
4.	Loan Agreement – Drinking Water Project: L17-3770 for the principal amount of \$9,077,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on February 2, 2010, maturing on 12/2/2031.	\$3,875,198.10
5.	Loan Agreement – Drinking Water Project: L17-4564 for the principal amount of \$6,000,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on January 21, 2011, maturing on 12/21/2031.	\$2,733,616.40
6.	Loan Agreement – Drinking Water Project: L17-4686 for the principal amount of \$1,502,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on September 15, 2013, maturing on 11/1/2032.	\$777,567.48
7.	Loan Agreement – Drinking Water Project: L17-4687 for the principal amount of \$6,092,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on October 25, 2013, maturing on 12/27/2032.	\$3,152,709.35
8.	Loan Agreement – Drinking Water Project: L17-4864 for the principal amount of \$6,542,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on May 27, 2014, maturing on 3/21/2034.	\$3,804,073.45
9.	Loan Agreement – Drinking Water Project: L17-4865 for the principal amount of \$39,422,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on August 5, 2013, maturing on 7/16/2034.	\$23,608,324.75
10.	Loan Agreement – Drinking Water Project: L17-5025 for the principal amount of \$15,000,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on September 19, 2013, maturing on 10/16/2034.	\$9,377,310.80

	<b>Agreement/Series</b>	<b>Outstanding Principal as of October 1, 2023</b>
11.	Loan Agreement – Drinking Water Project: L17-5199 for the principal amount of \$47,000,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on March 3, 2014, maturing on 6/17/2035.	\$30,475,229.15
12.	Loan Agreement – Drinking Water Project: L17-5229 for the principal amount of \$28,257,020, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on April 29, 2022, maturing on 9/2/2038.	\$23,013,738.12
13.	Loan Agreement – Drinking Water Project: L17-5232 for the principal amount of \$62,179,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on May 18, 2016, maturing on 1/31/2036.	\$42,994,572.98
14.	Loan Agreement – Drinking Water Project: L17-5281 for the principal amount of \$15,058,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on October 15, 2014, maturing on 4/14/2035.	\$9,944,241.62
15.	Loan Agreement – Drinking Water Project: L17-5319 for the principal amount of \$40,432,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on July 26, 2017, maturing on 1/4/2041.	\$33,911,364.04
16.	Loan Agreement – Drinking Water Project: L17-5330 for the principal amount of \$53,656,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on July 2, 2018, maturing on 11/21/2042.	\$48,395,710.02
17.	Loan Agreement – Drinking Water Project: L17-5331 for the principal amount of \$81,147,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on June 3, 2016, maturing on 7/17/2037.	\$61,141,815.67
18.	Loan Agreement – Drinking Water Project: L17-5332 for the principal amount of \$19,584,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on November 17, 2015, maturing on 6/1/2036.	\$13,990,520.49
19.	Loan Agreement – Drinking Water Project: L17-5361 for the principal amount of \$5,460,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on May 11, 2017, maturing on 8/13/2039.	\$4,508,147.75
20.	Loan Agreement – Drinking Water Project: L17-5384 for the principal amount of \$22,491,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on December 13, 2016, maturing on 7/17/2037.	\$16,903,370.96
21.	Loan Agreement – Drinking Water Project: L17-5417 for the principal amount of \$40,782,000, offered by the Illinois	\$31,955,680.27

	<b>Agreement/Series</b>	<b>Outstanding Principal as of October 1, 2023</b>
	Environmental Protection Agency and accepted by the Borrower on July 21, 2016, maturing on 6/19/2038.	
<b>22.</b>	Loan Agreement – Drinking Water Project: L17-5480 for the principal amount of \$106,077,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on April 13, 2018, maturing on 5/25/2039.	\$89,219,326.19
<b>23.</b>	Loan Agreement – Drinking Water Project: L17-5481 for the principal amount of \$11,420,000, offered by the Illinois Environmental Protection Agency and accepted by the Borrower on June 21, 2018, maturing on 10/9/2039.	\$9,698,936.10

**PART B. Litigation Disclosure.**

No.	Parties	Date Initiated	Description / Status	Venue
1.	City of Chicago v. City of Harvey	December 20, 2012	<p>The City of Harvey (“<b>Harvey</b>”), which purchases water from the Borrower and resells it to five downstream municipalities as well as to its own residents and businesses, stopped making regular water payments to the Borrower in November 2008. The Borrower filed a lawsuit in the Circuit Court of Cook County, Illinois (the “<b>Circuit Court</b>”) against Harvey, which the parties settled in January 2015 with the entry of a consent decree (the “<b>Consent Decree</b>”) that required Harvey pay \$20,000,000 to the Borrower for past unpaid water charges in fixed monthly amounts over seven years with three percent interest, as well as to timely pay its current water bills. After Harvey violated the Consent Decree by, among other things, falling behind on payments and failing to submit quarterly reports, the Borrower filed motions for final judgment, specific performance, and to appoint a receiver over Harvey’s water system. Those motions were granted, and the receiver was in place from August 2017 through December 2020, at which time he was discharged by the Circuit Court.</p> <p>Subsequently, the parties agreed to an interim order (the “<b>Interim Order</b>”) (which has been extended from time to time and is currently set to expire on December 5, 2023) to govern their relationship while a final settlement is being negotiated. Under the Interim Order, Harvey is obligated to pay the Borrower at least 70% of its water revenue, and, to accomplish that obligation, all five of its downstream municipal customers as well as its eight largest commercial customers are obligated to pay the bills that would otherwise be paid to Harvey to an escrow agent, who receives the funds and distributes those funds to the Borrower on a monthly basis to satisfy Harvey’s current water bills. The current balance of the judgment owed by Harvey to the Borrower is</p>	Circuit Court of Cook County



			approximately \$33,000,000; Harvey has not made a judgment payment since December 2019. As of September 7, 2023, Harvey currently owes the Borrower \$37,900,000. The next court date is scheduled for November 14, 2023. The Borrower is vigorously pursuing this case.	
2.	City of Chicago v. Village of Dolton	March 26, 2018	The Village of Dolton, Illinois (“ <b>Dolton</b> ”) which purchases water from the Borrower and resells it to its own residents and businesses had fallen behind in making regular payments to the Borrower in 2009. The Borrower filed a lawsuit in the Circuit Court against Dolton in March 2018, which the parties settled in November 2018 with the entry of a consent decree. Under the consent decree, judgment was entered against Dolton in the amount of \$9,086,343.49, to be paid via an initial payment of \$600,000 in November 2018, and subsequent annual installment of \$1,153,022.17 over ten years, through December 2028. Since the settlement, Dolton has paid its current water charges and its annual settlement payments, and its next settlement installment payment is due on or before December 31, 2023.	Circuit Court of Cook County
3.	City of Chicago v. Village of Robbins	March 26, 2018	The Village of Robbins, Illinois (“ <b>Robbins</b> ”) which purchases water from the Borrower and resells it to its own residents and businesses, has struggled to make regular payments to the Borrower since the 1990s. The Borrower filed a lawsuit in the Circuit Court against Robbins in March 2018. The court allowed Robbins to amend its answer to change its admissions regarding the amount owed the Borrower. The Borrower obtained judgment on Robbins’ liability to the Borrower. Robbins currently owes the Borrower more than \$38,380,000. Briefing has concluded on the Borrower’s motion for summary judgment on the amount of damages due to the Borrower and oral argument on the Borrower’s motion for summary judgment is set for November 8, 2023. The Borrower is vigorously pursuing this case.	Circuit Court of Cook County

4.	Farmer v. City of Chicago	September 9, 2021	This is a putative class action in the Circuit Court challenging the reasonableness of the Borrower’s water rates. In particular, the plaintiff alleges that the various exemptions for hospitals, certain government organizations and non-profits cause non-exempt customers to pay more, causing their rates to be unreasonable. The plaintiff seeks, on behalf of a class of Borrower water customers, “disgorgement” of the excess charges in the period 2016 to the present. The Plaintiff filed a Third Amended Complaint and the Borrower filed a Motion to Dismiss the Third Amended Complaint. The hearing on the Borrower’s Motion to Dismiss is scheduled for December 5, 2023. The Borrower is vigorously defending this case.	Circuit Court of Cook County
5.	Benchmark Construction Company, Inc. v. City of Chicago	December, 2021	Benchmark was hired by the Department to replace water mains during 2013 – 2019. The Borrower determined, through a Dispute Resolution process, that Benchmark was in default under its water main replacement contracts due to its failure to comply with standards mandated under State law (the “ <b>Separation Standards</b> ”) with respect to the separation of water mains from sewer mains. Benchmark filed suit in the Circuit Court in December 2021 challenging the Borrower’s determination and seeking damages. Benchmark filed a Motion for Summary Judgment seeking a determination that the Borrower’s Dispute Resolution process is not enforceable. The Motion will be heard and possibly decided on December 13, 2023. If Benchmark prevails on its claim that the Dispute Resolution process is not enforceable, it may pursue a damages lawsuit in Cook County.	Circuit Court of Cook County
6.	Benchmark Construction Company, Inc. v. City of Chicago	March, 2022	In March 2022, Benchmark filed suit against the Borrower and the IEPA in the United States District Court for the Northern District of Illinois, challenging the constitutionality of the Separation Standards. The parties have agreed to stay the case while they discuss possible ways to settle the lawsuit and potentially resolve any dispute with the IEPA .The Borrower is vigorously defending both cases.	United States District Court for the Northern District of Illinois

7.	NPL Construction Co. v. City of Chicago	December, 2021	NPL was hired by the Department to replace water mains during 2016 – 2019. The Borrower determined that NPL was in default under its water main replacement contracts due to its failure to comply with the Separation Standards. NPL filed suit in the Circuit Court in December 2021 challenging the Borrower’s determination and seeking damages. The parties have agreed to remand the NPL claims to the Borrower’s Chief Procurement Office for more detailed findings instead of litigating NPL’s claims in the current lawsuit. This agreement does not result in the dismissal of NPL’s lawsuit. The Borrower is vigorously defending this case.	Circuit Court of Cook County
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**PART C. Environmental Matter Disclosure.**

The Borrower is subject to state and federal environmental laws and regulations applicable to the Water System. These laws and regulations are subject to change, and the Borrower may be required to expend substantial funds to meet the requirements of such changing laws and regulations in the future. Failure to comply with these laws and regulations may result in the imposition of administrative, civil, and criminal penalties, or the imposition of an injunction requiring the Borrower to take or refrain from taking certain actions. While the Borrower has budgeted for future capital and operating expenditures to comply with these laws and regulations, it is possible that new or stricter standards could be imposed that will require additional capital expenditures or raise operating costs.

## SCHEDULE IV

### REQUISITION PROCEDURES

This **Schedule IV** sets out the procedures which the Borrower agrees to follow in submitting Requisitions for any Disbursement. The Borrower expressly agrees to the terms hereof, and further agrees that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Documents, and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

#### **PART A. General Requirements.**

(a) Manner of Request: All requests by the Borrower for a Disbursement shall be made in writing by electronic submission to the WIFIA Lender, in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement.

(b) Required Documentation: Any request by the Borrower shall include the submission of:

(i) a Requisition, in the form attached as **Exhibit D** (*Form of Requisition*), completed and executed by the Borrower's Authorized Representative, and otherwise in form and substance satisfactory to the WIFIA Lender; and

(ii) all Eligible Project Costs Documentation that has not otherwise been provided to the WIFIA Lender in accordance with **Part C of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement.

(c) Timing: Any request for a Disbursement must be received by the WIFIA Lender and the Servicer (if any) at or before 5:00 P.M. (Eastern Time) on either:

(i) the first (1<sup>st</sup>) day of a calendar month in order to obtain the requested Disbursement by the fifteenth (15<sup>th</sup>) day of such calendar month;

(ii) the fifteenth (15<sup>th</sup>) day of a calendar month, in order to obtain the requested Disbursement by the first (1<sup>st</sup>) day of the immediately following calendar month;

provided, that, (x) if any such day is not a Business Day, the Disbursement request or payment (as the case may be) shall be made by the next succeeding Business Day; (y) the Borrower shall not request to receive more than one (1) Disbursement per month or every thirty (30) days (whichever is longer); and (z) no Disbursements shall be made after the Final Disbursement Date.

**PART B. WIFIA Lender Review Process.**

(a) The WIFIA Lender shall review the Requisition and the Eligible Project Costs Documentation for compliance with WIFIA Disbursement requirements.

(b) If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the Borrower of such approval and of the amount so approved. A Requisition containing an apparent mathematical error will be corrected by the WIFIA Lender, after telephonic or email notification to the Borrower, and will thereafter be treated as if submitted in the corrected amount. If the amount requested for Disbursement in the Requisition exceeds the available balance of the WIFIA Loan proceeds remaining to be disbursed, the Disbursement request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the Borrower.

(c) The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the Disbursement of WIFIA Loan proceeds if: (i) a Default or an Event of Default shall have occurred and be continuing or (ii) the Borrower (1) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (2) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by the Borrower with applicable law pertaining to the Project or with the terms and conditions of the WIFIA Loan Agreement; (3) fails to observe or comply with any applicable law, or any term or condition of the WIFIA Loan Agreement; (4) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement; or (5) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the WIFIA Loan Agreement; provided, that in such case of sub-clause (5) above, the WIFIA Lender may, in its sole discretion, partially approve a Requisition in respect of any amounts for which adequate Eligible Project Costs Documentation has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts. The WIFIA Lender will notify the Borrower of any withholding, and the reasons therefor.

(d) A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (i) submitted without signature; (ii) submitted under signature of a Person other than a Borrower's Authorized Representative; (iii) submitted after prior Disbursement of all proceeds of the WIFIA Loan; or (iv) submitted without adequate Eligible Project Costs Documentation. The WIFIA Lender will notify the Borrower of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified under this paragraph (d) must be resubmitted in proper form in order to be considered for approval.

**SCHEDULE V**  
**REPORTING REQUIREMENTS**

**PART A. Updated Financial Model/Plan.**

The Borrower shall deliver to the WIFIA Lender, not later than one hundred eighty (180) days after the end of each Borrower Fiscal Year, an Updated Financial Model/Plan. The Updated Financial Model/Plan shall reflect the Borrower's reasonable expectations, using assumptions that the Borrower believes to be reasonable, and include: (a) the Borrower's capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected Gross Revenues, projected Net Revenues, projected Net Revenues Available for Bonds and projected Operation and Maintenance Costs for a reasonable projection period consistent with the Borrower's operating and financial planning and demonstrating that the Borrower has developed and identified adequate revenues to implement a plan for operating, maintaining, and repairing the Project; (b) evidence of compliance with the Rate Covenant for the most recent Borrower Fiscal Year for which the Borrower's Financial Statements are available and the projected debt service coverage ratios (including projected Rate Covenant coverages) through the Forecast Period; and (c) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model/Plan; provided that the failure of the Borrower to deliver to the WIFIA Lender the Updated Financial Model/Plan required under this paragraph within such 180-day period shall not constitute a Default or an Event of Default so long as the Borrower delivers such Updated Financial Model/Plan to the WIFIA Lender concurrently with the delivery of the annual audited financial statements required under Part B below within ninety (90) days after the end of such period.

**PART B. Annual Financial Statements.**

The Borrower shall deliver to the WIFIA Lender, as soon as available, but no later than one hundred eighty (180) days after the end of each Borrower Fiscal Year, a copy of the audited income statement and balance sheet of the Borrower as of the end of such Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year, (a) setting forth in each case in comparative form the figures for the previous fiscal year, (b) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (c) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except, with respect to the annual financial statements, for changes approved or required by the independent public accountants certifying such statements and disclosed therein); provided that the failure of the Borrower to deliver to the WIFIA Lender the annual audited financial statements required under this paragraph within such 180-day period shall not constitute a Default or an Event of Default so long as the Borrower delivers such financial statements to the WIFIA Lender within ninety (90) days after the end of such period.

**PART C. Construction Monitoring.**

(a) The WIFIA Lender shall have the right in its sole discretion to monitor (or direct its agents to monitor) the development of the Project, including environmental compliance, design, and construction of the Project. The Borrower shall be responsible for administering construction oversight of the Project in accordance with applicable federal, state and local governmental requirements. The Borrower agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation or other information as shall be requested by the WIFIA Lender or its agents, including any independent engineer reports, documentation or information.

(b) Construction Monitoring Report. During the period from the Effective Date through and until the Substantial Completion Date, the Borrower shall furnish to the WIFIA Lender, on a quarterly basis, the Construction Monitoring Report. The Construction Monitoring Report shall be delivered to the WIFIA Lender within thirty (30) days of the end of each such quarter (or if such day is not a Business Day, on the next following Business Day). If the then-current projection for the Substantial Completion Date is a date different than the Projected Substantial Completion Date, the Borrower shall provide in the Construction Monitoring Report a description in reasonable detail to the reasonable satisfaction of the WIFIA Lender of the reasons for such projected delay or difference. The Projected Substantial Completion Date shall automatically be adjusted to the new date specified by the Borrower in the Construction Monitoring Report unless the WIFIA Lender objects to the adjustment in writing to the Borrower within sixty (60) days following receipt of such Construction Monitoring Report on the basis that such report does not demonstrate the matters specified in this paragraph.

(c) Quarterly Certification of Eligible Project Costs. If requested by the WIFIA Lender, on a basis not more frequently than quarterly, the Borrower shall submit to the WIFIA Lender, concurrently with the delivery of the Construction Monitoring Report, a certificate, in the form of **Exhibit E** (*Form of Certification of Eligible Project Costs Documentation*), signed by the Borrower's Authorized Representative, and attaching Eligible Project Costs Documentation as applicable. If there are no applicable Eligible Project Costs for such quarter, the Borrower may notify the WIFIA Lender by written confirmation of the same by email in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement. Within sixty (60) days following the receipt of such certificate and accompanying Eligible Project Costs Documentation (if applicable), the WIFIA Lender shall notify the Borrower confirming (i) which Eligible Project Costs incurred by the Borrower set forth in the certification have been approved or denied (and, if denied, the reasons therefor) and (ii) the cumulative amount of Eligible Project Costs that have been approved as of the date of such notice. Any such approved amounts of Eligible Project Costs shall be deemed to be available for Disbursement at such time as the Borrower submits a Requisition in respect of such approved amounts in accordance with Section 4 (*Disbursement Conditions*).

(d) Final Specifications. The Borrower shall deliver to the WIFIA Lender, prior to bid advertisement for the Project (including each sub-project or component, if applicable), a copy of the final specifications relating to the development and construction of the Project (or such sub-project or component, as the case may be), demonstrating compliance with all applicable federal requirements and including a summary of the scope of work thereunder.

**PART D. Public Benefits Report.**

The Borrower shall deliver to the WIFIA Lender the Public Benefits Report (a) no later than thirty (30) days prior to the Effective Date, (b) within ninety (90) days following the Substantial Completion Date and (c) within ninety (90) days following the fifth (5<sup>th</sup>) anniversary of the Substantial Completion Date. The Borrower agrees that information described in the Public Benefits Report may be made publicly available by the WIFIA Lender at its discretion.

**PART E. Notices.**

(a) The Borrower shall, within fifteen (15) days (or such other time as may be specified below) after the Borrower learns of the occurrence thereof, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event; provided that, other than with respect to clause (i) (*Substantial Completion*) below, such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant clause of Part E of Schedule V to the WIFIA Loan Agreement:

(i) Substantial Completion: the occurrence of Substantial Completion, such notice to be provided in the form set forth in **Exhibit G** (*Form of Certificate of Substantial Completion*);

(ii) Defaults; Events of Default: any Default or Event of Default;

(iii) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the Borrower before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, that could reasonably be expected to have a Material Adverse Effect, and (2) any final, non-appealable judgment related to the Trust Estate that could reasonably be expected to result in the impairment of (A) the Borrower's ability to comply with any of its payment obligations under the WIFIA Bond or the WIFIA Loan Agreement or (B) the existence, priority or perfection (if applicable) of the WIFIA Lender's security interest in the Trust Estate;

(iv) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including the Projected Substantial Completion Date) set forth in the Construction Schedule, together with a written explanation of the reasons for such failure or delay and the Borrower's plans to remedy or mitigate the effects of such failure or delay;

(v) Environmental Notices: any material notice of violation related to the Project or any material change to the Project that could reasonably be expected to affect the NEPA Determination;

(vi) Amendments: copies of any fully executed amendments, modifications, replacements or supplements to any Related Document;



(vii) Related Document Defaults: any material breach or default or event of default on the part of the Borrower or any other party under any Related Document;

(viii) Uncontrollable Force: the occurrence of any Uncontrollable Force that could reasonably be expected to materially and adversely affect the Project;

(ix) Ratings Changes: any change in the rating assigned to the WIFIA Loan or any Obligations, in each case by any Nationally Recognized Rating Agency that has provided a public rating on such indebtedness, and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies;

(x) 2 C.F.R. § 180.350 Notices: any notification required pursuant to 2 C.F.R. § 180.350, whether attributable to a failure by the Borrower to disclose information previously required to have been disclosed or due to the Borrower or any of its principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(xi) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Permitted Debt (including any Additional Obligations), together with a confirmation by the Borrower that such additional indebtedness satisfies the applicable requirements under the definition of “Permitted Debt”;

(xii) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement or similar document with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events;

(xiii) SAM / Unique Entity Identifier: any change in the Borrower’s SAM registration status (including any exclusions, expiration or inactive registration) or Unique Entity Identifier (including any expiration or change in effectiveness);

(xiv) Reorganization, Consolidation or Merger: the occurrence of any reorganization, consolidation, or merger of the Borrower, together with the agreements and documents authorizing the reorganization, consolidation or merger; and

(xv) Fiscal Year: any change to or adoption of any fiscal year by the Borrower other than the Initial Borrower Fiscal Year; and

(xvi) Other Adverse Events: the occurrence of any other event or condition, including any notice of breach from a contract counterparty or any holder of any Obligations, that could reasonably be expected to result in a Material Adverse Effect.

(b) The Borrower shall, at any time while the WIFIA Loan remains Outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or regarding the Water System, the Project, the Gross Revenues or the Net Revenues as the WIFIA Lender may from time to time

reasonably request. The Borrower agrees that the delivery of any documents or information under and pursuant to the WIFIA Loan Agreement shall not be construed as compliance with, or affect in any manner, any obligations of the Borrower under any other contracts, agreements, decrees, Governmental Approvals, or other documents with, by or submitted to EPA (other than the WIFIA Loan Documents) or the Federal Government.

**SCHEDULE VI**  
**WIFIA LOAN AMORTIZATION SCHEDULE**

*[Attached]*

City of Chicago Illinois - Water Main and Lead Service Line Replacement - N20164L  
 WIFIA Loan Amortization Schedule

Closing Date 10/20/2023  
 Loan Amount \$ 336,000,000.00  
 Interest rate 5.14%  
 Maturity 11/1/2056  
 Weight Average Life (years-months) 31-0

Period Start Date	Period End Date	Period Payment Date	Period Repayment Type	Disbursements in Period	Capitalized Interest	Interest Payment	Principal Repayment	% of Maximum Principal Outstanding	Semi-annual Debt Service Payment	Ending Balance
10/20/2023	10/31/2023	11/1/2023	No Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$0.00
11/1/2023	4/30/2024	5/1/2024	No Payment	\$127,000,000.00	\$1,837,121.67	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$128,837,121.67
5/1/2024	10/31/2024	11/1/2024	No Payment	\$0.00	\$3,311,134.03	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$132,148,255.70
11/1/2024	4/30/2025	5/1/2025	No Payment	\$70,600,000.00	\$4,605,823.00	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$207,354,058.70
5/1/2025	10/31/2025	11/1/2025	No Payment	\$0.00	\$5,328,999.31	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$212,683,058.01
11/1/2025	4/30/2026	5/1/2026	No Payment	\$0.00	\$5,465,954.60	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$218,149,012.61
5/1/2026	10/31/2026	11/1/2026	No Payment	\$71,300,000.00	\$7,133,437.97	\$0.00	\$0.00	\$0.00 N/A	\$0.00	\$296,582,450.58
11/1/2026	4/30/2027	5/1/2027	Interest Only Total	\$67,100,000.00	\$0.00	\$8,771,815.65	\$0.00	\$0.00 N/A	\$8,771,815.65	\$363,682,450.58
5/1/2027	10/31/2027	11/1/2027	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2027	4/30/2028	5/1/2028	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2028	10/31/2028	11/1/2028	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2028	4/30/2029	5/1/2029	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2029	10/31/2029	11/1/2029	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2029	4/30/2030	5/1/2030	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2030	10/31/2030	11/1/2030	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2030	4/30/2031	5/1/2031	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2031	10/31/2031	11/1/2031	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2031	4/30/2032	5/1/2032	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2032	10/31/2032	11/1/2032	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2032	4/30/2033	5/1/2033	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2033	10/31/2033	11/1/2033	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2033	4/30/2034	5/1/2034	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2034	10/31/2034	11/1/2034	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2034	4/30/2035	5/1/2035	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2035	10/31/2035	11/1/2035	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2035	4/30/2036	5/1/2036	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2036	10/31/2036	11/1/2036	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2036	4/30/2037	5/1/2037	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2037	10/31/2037	11/1/2037	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2037	4/30/2038	5/1/2038	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2038	10/31/2038	11/1/2038	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2038	4/30/2039	5/1/2039	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2039	10/31/2039	11/1/2039	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2039	4/30/2040	5/1/2040	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2040	10/31/2040	11/1/2040	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2040	4/30/2041	5/1/2041	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2041	10/31/2041	11/1/2041	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2041	4/30/2042	5/1/2042	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2042	10/31/2042	11/1/2042	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2042	4/30/2043	5/1/2043	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2043	10/31/2043	11/1/2043	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2043	4/30/2044	5/1/2044	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2044	10/31/2044	11/1/2044	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2044	4/30/2045	5/1/2045	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2045	10/31/2045	11/1/2045	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2045	4/30/2046	5/1/2046	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2046	10/31/2046	11/1/2046	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2046	4/30/2047	5/1/2047	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2047	10/31/2047	11/1/2047	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2047	4/30/2048	5/1/2048	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2048	10/31/2048	11/1/2048	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2048	4/30/2049	5/1/2049	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2049	10/31/2049	11/1/2049	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2049	4/30/2050	5/1/2050	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2050	10/31/2050	11/1/2050	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2050	4/30/2051	5/1/2051	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
5/1/2051	10/31/2051	11/1/2051	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58
11/1/2051	4/30/2052	5/1/2052	Interest Only Total	\$0.00	\$0.00	\$9,346,638.98	\$0.00	\$0.00 N/A	\$9,346,638.98	\$363,682,450.58

5/1/2052	10/31/2052	11/1/2052 Level Payment (annual p, semiannual i)	\$0.00	\$0.00	\$8,346,638.98	\$65,633,553.89 N/A	\$74,980,192.87	\$298,048,896.69
11/1/2052	4/30/2053	5/1/2053 Interest Only Total	\$0.00	\$0.00	\$7,659,856.65	\$0.00 N/A	\$7,659,856.65	\$298,048,896.69
5/1/2053	10/31/2053	11/1/2053 Level Payment (annual p, semiannual i)	\$0.00	\$0.00	\$7,659,856.65	\$69,007,118.56 N/A	\$76,666,975.21	\$229,041,778.13
11/1/2053	4/30/2054	5/1/2054 Interest Only Total	\$0.00	\$0.00	\$5,886,373.70	\$0.00 N/A	\$5,886,373.70	\$229,041,778.13
5/1/2054	10/31/2054	11/1/2054 Level Payment (annual p, semiannual i)	\$0.00	\$0.00	\$5,886,373.70	\$72,554,084.45 N/A	\$78,440,458.15	\$156,487,693.68
11/1/2054	4/30/2055	5/1/2055 Interest Only Total	\$0.00	\$0.00	\$4,021,733.73	\$0.00 N/A	\$4,021,733.73	\$156,487,693.68
5/1/2055	10/31/2055	11/1/2055 Level Payment (annual p, semiannual i)	\$0.00	\$0.00	\$4,021,733.73	\$76,283,364.39 N/A	\$80,305,098.12	\$80,204,328.29
11/1/2055	4/30/2056	5/1/2056 Interest Only Total	\$0.00	\$0.00	\$2,061,251.27	\$0.00 N/A	\$2,061,251.27	\$80,204,328.29
5/1/2056	10/31/2056	11/1/2056 Level Payment (annual p, semiannual i)	\$0.00	\$0.00	\$2,061,251.27	\$80,204,328.29 N/A	\$82,265,580.56	\$0.00
<b>Total</b>			\$335,000,000.00	\$27,682,450.58	\$524,708,834.33	\$363,682,450.58	\$888,391,284.91	

**EXHIBIT A**

**FORM OF WIFIA BOND**

**UNITED STATES OF AMERICA**

**STATE OF ILLINOIS**

**CITY OF CHICAGO**

**SECOND LIEN WATER REVENUE BONDS**

**PROJECT SERIES 2023C (TAXABLE)**

Number R-1 **\$336,000,000**

MATURITY DATE	INTEREST RATE	ORIGINAL ISSUE DATE	CUSIP
November 1, 2056	5.14%	October 20, 2023	167736 U70

REGISTERED OWNER: **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the Environmental Protection Agency

PRINCIPAL AMOUNT: **THREE HUNDRED THIRTY-SIX MILLION DOLLARS (excluding capitalized interest)**

The City of Chicago (the “City”), a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources provided below) to the Registered Owner identified above, or registered assigns (the “WIFIA Lender”), on the Maturity Date specified above upon presentation and surrender of this Series 2023C Second Lien Bond, the Principal Amount specified above, and to pay (but only out of the sources provided below) interest on the balance of said Principal Amount from time to time remaining unpaid from and including the original issue date specified above, or from and including the most recent Interest Payment Date (as defined in the Fourteenth Supplemental Indenture, as such term is defined below) with respect to which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, as more fully described in that certain WIFIA Loan Agreement, dated as of the date hereof, between the WIFIA Lender and the City (the “WIFIA Loan Agreement”).

*The Series 2023C Second Lien Bonds are limited obligations of the City and shall not constitute an indebtedness of the City or a loan of credit thereof within the meaning of any Constitutional or statutory provision or limitation as to indebtedness. The Series 2023C Second Lien Bonds do not have a claim for payment from any taxes of the City. Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision of the State of Illinois is pledged to the payment of the principal of the Series 2023C Second Lien Bonds, or the interest or any premium on the Series 2023C Second Lien Bonds. The Series 2023C Second Lien Bonds are payable solely from the Trust Estate (as defined in the Fourteenth Supplemental*

*Indenture) pledged to such payment under the Indenture and certain other monies held by or on behalf of the Trustee.*

The principal of and premium, if any, on this Series 2023C Second Lien Bond shall be payable at the designated corporate trust office of the Trustee or upon presentation and surrender of this Series 2023C Second Lien Bond.

Interest on this Series 2023C Second Lien Bond shall be paid by check mailed on the Interest Payment Date to the person appearing on the Bond Register as the Registered Owner of this Series 2023C Second Lien Bond as of the close of business of the Trustee on the Record Date at the address of such Registered Owners as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such Registered Owner not later than the Record Date. Payment of interest on this Series 2023C Second Lien Bond shall be made to a Registered Owner of One Million Dollars (\$1,000,000) or more in aggregate principal amount of Series 2023C Second Lien Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to such Registered Owner on such Interest Payment Date upon written notice from such Registered Owner containing the wire transfer address within the United States to which such Registered Owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the Record Date.

Interest accrued on this Series 2023C Second Lien Bond shall be paid in arrears on each Interest Payment Date. Interest on this Series 2023C Second Lien Bond shall be computed upon the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

*General.* This Series 2023C Second Lien Bond is one of an authorized series of bonds limited in aggregate principal amount to \$336,000,000 (the “Series 2023C Second Lien Bonds”) issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, particularly Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois and an ordinance of the City Council of the City, and executed under an Amended and Restated Master Indenture of Trust, dated as of May 1, 2023, as heretofore and hereafter supplemented (the “Master Indenture”), including by a Fourteenth Supplemental Indenture, dated as of October 1, 2023 (the “Fourteenth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), from the City to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), for any one or more of the purposes of (1) paying Project Costs and (2) paying Costs of Issuance of the Series 2023C Second Lien Bonds. The Series 2023C Second Lien Bonds and the interest on them are payable from Net Revenues (as defined in the Indenture) and amounts on deposit in the 2023C Construction Account established under the Indenture and the accounts of the Water Fund established under the Indenture (except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account).

As provided in the Indenture, additional bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture. The aggregate principal amount of bonds that may be issued pursuant to the Indenture is not limited, except as provided in the Indenture and ordinances authorizing those additional bonds, and all bonds issued and to be issued pursuant to the Indenture, including the Series 2023C

Second Lien Bonds, are and will be equally secured by the pledges and covenants made in the Series 2023C Second Lien Bonds, except as otherwise provided or permitted in the Indenture.

Copies of the Indenture are on file at the principal corporate trust office of the Trustee, and reference to the Indenture and any and all supplements to it and modifications and amendments of it is made for a description of the pledge and covenants securing the Series 2023C Second Lien Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the Registered Owners of the Series 2023C Second Lien Bonds and the limitations on such rights and remedies.

The Series 2023C Second Lien Bonds are subject to optional redemption prior to maturity as provided in the Fourteenth Supplemental Indenture.

*Limited Obligation.* The Series 2023C Second Lien Bonds are issued pursuant to an ordinance adopted by the City Council of the City, which ordinance authorizes the execution and delivery of the Indenture. The Series 2023C Second Lien Bonds are limited obligations of the City payable solely from the Trust Estate pledged therefor under the Indenture.

No recourse shall be had for the payment of the principal of premium, if any, or interest on any of the Series 2023C Second Lien Bonds or for any claim based on the Series 2023C Second Lien Bonds or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee or agent, or member of the City Council, of the City, or any successor to the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, employee or agent, or member of the City Council, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Series 2023C Second Lien Bonds.

*Registration.* This Series 2023C Second Lien Bond is transferable by the Registered Owner of this Series 2023C Second Lien Bond in person or by such Registered Owner's attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture.

*Restrictions on Transfer.* The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date and (b) other than with respect to a sale or transfer to another Governmental Authority within the Federal Government, the Final Disbursement Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of Section 33 (*Sale of WIFIA Loan*) of the WIFIA Loan Agreement. Any such sale or reoffering to anyone other than another Governmental Authority within the Federal Government shall be to either (i) an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, that in either case has provided an investor letter in the form attached as Exhibit J (*Form of Investor Letter*) to the WIFIA Loan Agreement. Capitalized terms used in this paragraph and not defined in this



Series 2023C Second Lien Bonds shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

*Discharge.* Provision for payment of all or any portion of the Series 2023C Second Lien Bonds may be made, and the Indenture may be discharged in the manner provided in the Indenture and the WIFIA Loan Agreement.

*Miscellaneous.* The Registered Owner of this Series 2023C Second Lien Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants, the Indenture, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect to the Indenture, except as provided in the Indenture.

IT IS CERTIFIED, RECITED AND DECLARED that all acts and conditions required to be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2023C Second Lien Bond have been performed in due time, form and manner as required by law, and that the issuance of this Series 2023C Second Lien Bond and the series of which it forms a part does not exceed or violate any constitutional or statutory limitation.

This Series 2023C Second Lien Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the City of Chicago has caused this Series 2023C Second Lien Bond to be executed in its name by the manual or facsimile signature of its Mayor and the manual or facsimile of its corporate seal to be printed on this Series 2023C Second Lien Bond and attested by the manual or facsimile signature of its City Clerk.

CITY OF CHICAGO

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

CERTIFICATE OF AUTHENTICATION

This Series 2023C Second Lien Bond is one of the Series 2023C Second Lien Bonds described in the within-mentioned Indenture.

Authentication Date: \_\_\_\_\_

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

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



## EXHIBIT B

### FORM OF CLOSING CERTIFICATE

Reference is made to that certain WIFIA Loan Agreement, dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), by and among the City of Chicago (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

In connection with Section 11(a) (*Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, as the Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

- (a) pursuant to Section 11(a)(v) of the WIFIA Loan Agreement, attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 21 (*Borrower’s Authorized Representative*) of the WIFIA Loan Agreement;
- (b) pursuant to Section 11(a)(ii) of the WIFIA Loan Agreement, the Borrower has delivered to the WIFIA Lender copies of (i) the Ordinance, the Second Lien Bonds Master Indenture and the other Indenture Documents, together with any amendments, supplements, waivers or modifications thereto (but excluding any document that solely provides for the issuance or incurrence of Additional Obligations, hedging Obligations or Interim Financing) and (ii) each Obligation Document that has been entered into on or prior to the Effective Date, and each such document is complete, fully executed, and in full force and effect, and all conditions contained in the Related Documents that are necessary to the consummation of the transactions contemplated by the WIFIA Loan Agreement have been fulfilled;
- (c) pursuant to Section 11(a)(v)(A) of the WIFIA Loan Agreement, (i) the Maximum Principal Amount (excluding any capitalized interest), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (ii) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (iii) the total federal assistance provided to the Project, including the Maximum Principal Amount (excluding any capitalized interest), does not exceed eighty percent (80%) of Total Project Costs;
- (d) pursuant to Section 11(a)(v)(B) of the WIFIA Loan Agreement, the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;

- (e) pursuant to Section 11(a)(v)(C) of the WIFIA Loan Agreement, the Borrower has (i) obtained a FEIN, as evidenced by the Borrower's W-9 which is attached hereto as Annex B-1, and a Unique Entity Identifier, in each case as set forth on **Part A of Schedule I (WIFIA Loan Specific Terms)** to the WIFIA Loan Agreement, and (ii) registered with, and obtained confirmation of active SAM registration status, which confirmation is attached hereto as Annex B-2;
- (f) pursuant to Section 11(a)(v)(D) of the WIFIA Loan Agreement, the Borrower has obtained the WIFIA CUSIP Number, as set forth on **Part A of Schedule I (WIFIA Loan Specific Terms)** to the WIFIA Loan Agreement, and which confirmation is attached hereto as Annex C;
- (g) pursuant to Section 11(a)(v)(E) of the WIFIA Loan Agreement, the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;
- (h) pursuant to Section 11(a)(v)(F) of the WIFIA Loan Agreement, no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the Application Receipt Date; and
- (i) pursuant to Section 11(a)(vi) of the WIFIA Loan Agreement, the rating letter delivered to the WIFIA Lender pursuant to such Section 11(a)(vi) has not been reduced, withdrawn or suspended as of the Effective Date.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

**CITY OF CHICAGO,**  
by its authorized representative

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

**ANNEX A TO EXHIBIT B**

**INCUMBENCY CERTIFICATE**

The undersigned certifies that she is the City Clerk of the City of Chicago, a municipal corporation and home rule of local government duly organized and existing under the laws of the State of Illinois (the “**Borrower**”), and as such she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents as the Borrower’s Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator):

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Andrea R.H. Cheng	Commissioner Department of Water Management	_____
Chasse Rehwinkel	City Comptroller	_____
Mary B. Richardson-Lowry	Corporation Counsel	_____
Andrea M. Valencia	City Clerk	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this \_\_\_\_\_ day of October, 2023.

**CITY OF CHICAGO,**  
by its authorized representative

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

## EXHIBIT C

### FORM OF PUBLIC BENEFITS REPORT

[\_\_\_\_], 2023

Pursuant to Section 11(a)(vii) and **Part D of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement (as defined below), the City of Chicago (the “**Borrower**”) is providing this Public Benefits Report in connection with the City of Chicago Department of Water Management Water Main and Lead Service Line Replacement Program Project (WIFIA ID – N20164IL). Capitalized terms used in this Public Benefits Report and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator.

**Reporting Period:** [Prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) following the fifth (5<sup>th</sup>) anniversary of the Substantial Completion Date]

- (i) **The number of total jobs and direct jobs projected to be created by the Project during the period between the Effective Date and the Substantial Completion Date:**

WIFIA projects that the Project will create [ ] total jobs, of which the Borrower projects [ ] will be direct jobs.

- (ii) **Indicate (yes or no) whether the Project will assist the Borrower in complying with applicable regulatory requirements, and if yes, describe how the project assists with regulatory compliance:**

Yes

If yes, additional description: [ ]

No

- (iii) **The Project will assist the Borrower with the following environmental measure:**

Number of lead service lines replaced by the Project (measured by count at Substantial Completion): [ ].

## EXHIBIT D

### FORM OF REQUISITION

#### VIA EMAIL

United States Environmental Protection Agency<sup>1</sup>  
1200 Pennsylvania Avenue NW  
WJC-E 7334A  
Washington, D.C. 20460  
Attention: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

Re: City of Chicago Department of Water Management Water Main and Lead Service Line Replacement Program Project (WIFIA ID – N20164IL)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) and **Schedule IV** (*Requisition Procedures*) of the WIFIA Loan Agreement, dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), by and between the CITY OF CHICAGO (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the Borrower hereby requests a Disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the Borrower. Capitalized terms used but not defined herein have the meaning ascribed to such terms in the WIFIA Loan Agreement.

In connection with this Requisition, the undersigned, as the Borrower’s Authorized Representative, hereby represents and certifies the following:

1.	<b>Project name</b>	City of Chicago Department of Water Management Water Main and Lead Service Line Replacement Program Project
2.	<b>Borrower name</b>	City of Chicago
3.	<b>WIFIA Loan ID</b>	N20164IL
4.	<b>Borrower Unique Entity Identifier</b>	FMFXFBMYHL37
5.	<b>Borrower FEIN number</b>	36-6005820
6.	<b>Requisition number</b>	[ ]
7.	<b>Requested Disbursement amount</b>	[\$ [ ]
8.	<b>Requested date of Disbursement (the “Disbursement Date”)<sup>2</sup></b>	[ ]
9.	<b>Total amounts previously disbursed under the WIFIA Loan Agreement</b>	[\$ [ ]

<sup>1</sup> If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

<sup>2</sup> This date should be the actual disbursement date on which the Borrower requests to receive the funds, not the date that this Requisition form is submitted to the WIFIA Lender.



10.	Wire or ACH transfer instructions (please specify method)	<input type="checkbox"/>
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11. As of the date hereof, and immediately after giving effect to the Disbursement proceeds requested under this Requisition, (a) no Default or Event of Default and no event of default under any other Related Document shall have occurred and be continuing and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, shall have occurred and be continuing.
12. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred since the Effective Date.
13. The aggregate amount of all Disbursements (including the requested Disbursement amount under this Requisition but excluding any interest that is capitalized in accordance with the WIFIA Loan Agreement) does not exceed (a) the Maximum Principal Amount or (b) the amount of Eligible Project Costs paid or incurred by the Borrower.
14. The Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous (a) Disbursement or (b) disbursement of any source of funding for the Project other than the WIFIA Loan as identified in the Project Budget.
15. The Borrower, and each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.
16. The representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date)[, and the Borrower has delivered an updated version of **Schedule III (Borrower Disclosures)** of the WIFIA Loan Agreement [through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to Schedule III of the WIFIA Loan Agreement]]<sup>3</sup>.

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<sup>3</sup> Insert bracketed language to the extent necessary to make the representations and warranties in Section 12(f) (*Litigation*) and Section 12(j)(iii) (*Compliance with Laws*) true, correct and complete as of the date of the Disbursement Date.

17. The Borrower has delivered all required deliverables under and in compliance with the requirements of **Schedule V (Reporting Requirements)** of the WIFIA Loan Agreement, except as has been otherwise agreed by the WIFIA Lender.<sup>4</sup>
18. Eligible Project Costs Documentation evidencing Eligible Project Costs in an amount equal to the amount requested for Disbursement has been submitted to the WIFIA Lender. [All][a portion][none] of such Eligible Project Costs Documentation was previously submitted to and approved by the WIFIA Lender in accordance with **Schedule IV (Requisition Procedures)** and **Schedule V (Reporting Requirements)** of the WIFIA Loan Agreement. The [following table below][attached excel sheet] sets out a summary of any Eligible Project Costs that have not otherwise been previously submitted to the WIFIA Lender for approval, and supporting Eligible Project Costs Documentation in respect of such new Eligible Project Costs is attached hereto.<sup>5</sup>

Vendor or Contractor Name <sup>6</sup>	Invoice Number <sup>7</sup>	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount <sup>8</sup>	Activity Type <sup>9</sup>	Description of Activity <sup>10</sup>	WIFIA USE ONLY	
								Approved Amount	Notes

The undersigned acknowledges that if the Borrower makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the Borrower the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

Date: \_\_\_\_\_

CITY OF CHICAGO,

<sup>4</sup> The most recent quarterly progress report should set out a summary of the progress of construction of the Project, as well as a general description of the work done for which the funds being requisitioned are being applied and a summary of any material changes/risks. If not, PM should request additional information (including a risk register, if applicable).

<sup>5</sup> See **Schedules IV, V** and **Exhibit E** of the WIFIA Loan Agreement for additional details on EPC Documentation.

<sup>6</sup> If seeking reimbursement for internal costs, enter "Internally financed activities."

<sup>7</sup> Vendor's number indicated on the invoice sent to the Borrower.

<sup>8</sup> If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

<sup>9</sup> Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

<sup>10</sup> Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

by its authorized representative

By: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

**EXHIBIT E**

**FORM OF CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION**

**VIA EMAIL**

United States Environmental Protection Agency<sup>1</sup>  
1200 Pennsylvania Avenue NW  
WJC-E 7334A  
Washington, D.C. 20460  
Attention: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

Re: City of Chicago Department of Water Management Water Main and Lead Service Line Replacement Program Project (WIFIA ID – N20164IL)

Ladies and Gentlemen:

Pursuant to **Part C of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement, dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), by and between the CITY OF CHICAGO (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the Borrower hereby presents this certificate in connection with the Borrower’s delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning ascribed to such terms in the WIFIA Loan Agreement.

The undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs during the period between [ ] and [ ] (the “**Quarterly Period**”).
2. A summary of the Eligible Project Costs incurred, invoiced and/or paid (as the case may be) is set out in the [attached excel sheet][table on the following page:]

---

<sup>1</sup> If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

							WIFIA USE ONLY	
Vendor or Contractor Name <sup>2</sup>	Invoice Number <sup>3</sup>	Invoice Date	Payment Date	Invoice Amount	Activity Type <sup>4</sup>	Description of Activity <sup>5</sup>	Approved Amount	Notes

3. The anticipated sources of funding for such Eligible Project Costs are [listed below][set forth in the attached excel sheet].
4. Supporting Eligible Project Costs Documentation for the above Eligible Project Costs for the Quarterly Period are also attached hereto.<sup>6</sup>
5. The most recently delivered Construction Monitoring Report delivered in accordance with **Part C of Schedule V (Reporting Requirements)** sets out a summary of the progress of construction of the Project, no change has occurred since the date of such Construction Monitoring Report that could reasonably be expected to cause a Material Adverse Effect, and the Borrower is otherwise in compliance with **Part C of Schedule V (Reporting Requirements)**.

Date: \_\_\_\_\_

**CITY OF CHICAGO**<sup>7</sup>

By: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

<sup>2</sup> If the expectation is to seek reimbursement for internal costs, enter "Internally financed activities."

<sup>3</sup> Vendor's number indicated on the invoice sent to the Borrower.

<sup>4</sup> Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest on other Project Obligations during construction, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the "Description of Activity" column.

<sup>5</sup> Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the documentation.

<sup>6</sup> See **Schedules IV and V** of the WIFIA Loan Agreement for additional details on EPC Documentation.

<sup>7</sup> To be executed by the Borrower's Authorized Representative.

**EXHIBIT F**

**FORM OF CONSTRUCTION MONITORING REPORT**

**VIA EMAIL**

United States Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
WJC-E 7334A  
Washington, DC 20460  
Attn: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

Re: City of Chicago Department of Water Management Water Main and Lead Service Line Replacement Program Project (WIFIA ID – N20164IL)

This Construction Monitoring Report for the period of *[insert relevant quarterly period]* (the “**Quarterly Period**”) is provided pursuant to **Part D of Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement, dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), by and between the CITY OF CHICAGO (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this Construction Monitoring Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

1. **Project Status.** Provide a narrative summary of the Project’s construction progress during the Quarterly Period, including with respect to the Project components or sub-projects where appropriate. Complete the table in Appendix A to update the Project scope, schedule, and costs with the latest information.

2. **Current Projected Substantial Completion Date:**

If the current Projected Substantial Completion Date differs than the date set forth in the Construction Monitoring Report most recently delivered to the WIFIA Lender (or, if no such report has yet been provided, the date of the Projected Substantial Completion Date set forth in the WIFIA Loan Agreement as of the Effective Date), provide a description in reasonable detail for such projected delay or difference:

3. **Material Problems (if any)**

Note any problems encountered or anticipated during the construction of the Project during the Quarterly Period that (1) impedes Project completion within the scope, costs, and schedule outlined in the WIFIA Loan Agreement or (2) relates to unforeseen complications in connection with the construction of the Project. This may include commissioning/start-up issues, constructability issues for the Project as planned, adverse impacts to Project surroundings, changes in or issues with meeting environmental or federal compliance requirements, and unanticipated or abnormal permit approval timelines. Include an assessment of the impact and any current plans to address the problems.

**4. Other Matters Related to the Project (if applicable)**

Date: \_\_\_\_\_

**CITY OF CHICAGO**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## APPENDIX A<sup>1</sup>

Project Scope		Project Schedule						Project Costs		
Project Component	Completed (Y/N)	Contract/Vendor	Bid Advertisement Date	Contract Award-Date	NTP Effective Date	Original Substantial Completion Date	Estimated Substantial Completion Date	Original Contract Amount	Estimated Costs to Complete	Costs Earned or Paid to Date
<b>Total</b>										

**Table Definitions:**

Project Component – project name or ID as tracked by the borrower

Complete (Y/N) – indication that project is complete, and no additional updates will be provided

Description (program of projects only) – brief overview of scope of work for the project component.

Location (program of projects only) – physical project boundaries

Covered by existing NEPA? (program of projects only) – refer to the environmental review documents that is the basis for the NEPA finding. Is the project within the geographic scope and scope of activities described in the documents?

Contract/Vendor – the contract identifier and contractor that is/will be completing the project construction.

Bid Advertisement Date – the date the bid was advertised

Contract Award date – the date the contract was awarded

NTP Effective date – the effective date to proceed with the construction in the Notice to Proceed

Original Substantial Completion Date – the substantial completion date for the given project as noted in the original contract award

Estimated Substantial Completion Date – the latest date estimate for substantial completion for the given project component

Original Contract Amount – the original contract award amount

Estimated Costs to Complete – the latest cost estimates to complete the given project component

Costs Earned or Paid to Date – the latest incurred contract costs for the given project component

Total – Total the cost amounts across all project components and contracts

<sup>1</sup> Appendix A summarizes all project components that will be bid in the next quarter, are currently under construction, or have completed construction. It should be a cumulative list of projects that is updated each quarter. A Microsoft Excel spreadsheet with similar table format is acceptable.



## EXHIBIT G

### FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

*[Letterhead of Borrower]*

*[Date]*

#### VIA EMAIL

United States Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
WJC-E 7334A  
Washington, DC 20460  
Attn: WIFIA Director  
Email: WIFIA\_Portfolio@epa.gov

**Project:** City of Chicago Department of Water Management Water Main and Lead Service Line Replacement Program Project (WIFIA ID – N20164IL)

Dear Director:

This Notice is provided pursuant to **Part E of Schedule V** (*Reporting Requirements*) of that certain WIFIA Loan Agreement, dated as of October 20, 2023 (the “**WIFIA Loan Agreement**”), by and between the CITY OF CHICAGO (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through its Administrator (the “**WIFIA Lender**”).

Unless otherwise defined herein, all capitalized terms in this certificate have the meanings assigned to those terms in the WIFIA Loan Agreement.

I, the undersigned, in my capacity as the Borrower’s Authorized Representative and not in my individual capacity, do hereby certify to the WIFIA Lender that:

- (a) the Project has satisfied each of the requirements for Substantial Completion set forth in the Construction Contracts;
- (b) Substantial Completion has been declared under each of the relevant Construction Contracts and copies of the notices of Substantial Completion under such agreements are attached to this certification;
- (c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved and the Substantial Completion Date is [\_\_\_\_]; and
- (d) The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs.

**CITY OF CHICAGO,**  
by its authorized representative

By: \_\_\_\_\_

Name:

Title:

## EXHIBIT H-1

### OPINIONS REQUIRED FROM COUNSEL TO BORROWER

An opinion of the counsel of the Borrower, dated as of the Effective Date, to the effect that:

(a) the Borrower is a home rule unit of local government duly organized and existing under the Constitution and laws of the State;

(b) the Borrower has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under the WIFIA Loan Documents;

(c) the execution and delivery by the Borrower of, and the performance of its respective obligations under, the WIFIA Loan Documents, have been duly authorized by all necessary organizational or regulatory action, and other than the Borrower's Organizational Documents and the Indenture Documents, no further instruments or documents are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents and to consummate and implement the transactions contemplated by the WIFIA Loan Documents;

(d) the Borrower has duly executed and delivered each WIFIA Loan Document to which it is a party and each WIFIA Loan Document constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with their respective terms (assuming the due execution and delivery by the other parties thereto, as appropriate), except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies and the availability of equitable remedies generally;

(e) to such counsel's knowledge, no authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by the Borrower of, and, to such counsel's knowledge, the performance of the Borrower under, any WIFIA Loan Document other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Borrower;

(f) to such counsel's knowledge, the execution and delivery by the Borrower of, and compliance with the provisions of, the WIFIA Loan Documents in each case do not (i) violate the law of the United States of America or of the State or (ii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which the Borrower is a party, or to such counsel's knowledge, any court order, consent decree, statute, rule, regulation or any other law to which the Borrower is subject;

(g) the Borrower is not an investment company required to register under the Investment Company Act of 1940, as amended; and

(h) there is no litigation or proceeding pending, or to my knowledge, threatened, affecting the existence of the Borrower or materially seeking to restrain or enjoin the issuance of the WIFIA Bond, or contesting the validity or enforceability of the WIFIA Loan Documents, or the powers of the Borrower or its authority with respect to the WIFIA Loan Documents.

## EXHIBIT H-2

### OPINIONS REQUIRED FROM BOND COUNSEL TO BORROWER

An opinion of bond counsel, dated as of the Effective Date, to the effect that:

(a) The Borrower is a municipal corporation duly existing under the laws of the State and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The Borrower has all requisite power and authority under the Constitution and the laws of the State to adopt the Ordinance, and under the Second Lien Bonds Master Indenture and the Ordinance to enter into the Fourteenth Supplemental Indenture with the Trustee and to issue the WIFIA Bond thereunder, and to enter into the WIFIA Loan Agreement with the WIFIA Lender;

(b) The Ordinance is in full force and effect and is valid and binding upon the Borrower in accordance with its terms. The Second Lien Bonds Master Indenture, the Fourteenth Supplemental Indenture and the WIFIA Loan Agreement have been duly authorized, executed, and delivered by the Borrower, constitute valid and binding obligations of the Borrower and are legally enforceable in accordance with their respective terms;

(c) The WIFIA Bond has been duly authorized and issued, is the legal, valid, and binding limited obligations of the Borrower, has received all required approvals for its issuance, is entitled to the benefits and security of the Second Lien Bonds Master Indenture, and is enforceable in accordance with its terms;

(d) The WIFIA Bond is a Second Lien Bond under the Second Lien Bonds Master Indenture payable solely from Net Revenues, except for any monies, instruments and securities or any Qualified Reserve Account Credit Instrument on deposit in a Debt Service Reserve Account for any other series of Second Lien Bonds issued or to be issued, and from certain other amounts, as provided in the Second Lien Bonds Master Indenture and the Fourteenth Supplemental Indenture, and all other moneys and securities from time to time held by the Trustee under the terms of the Second Lien Bonds Master Indenture. The WIFIA Bond ranks *pari passu* in right of payment and right of security with all other Second Lien Bonds, and are senior in right of payment and right of security to all Subordinate Lien Obligations. The WIFIA Bond and the interest thereon are limited obligations of the Borrower and do not constitute an indebtedness of the Borrower within the meaning of any state constitutional or statutory provision or limitation as to indebtedness. The WIFIA Bond does not have a claim for payment from any taxes of the Borrower. Neither the faith and credit nor the taxing power of the State, the Borrower or any political subdivision of the State is pledged to the payment of the principal of, premium, if any, or interest on the WIFIA Bond;

(e) The Ordinance, the Second Lien Bonds Master Indenture and the Fourteenth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the Trust Estate assigned and pledged to the Trustee under the Second Lien Bonds Master Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Second Lien Bonds Master Indenture;

(f) No authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by the Borrower of, and, to such counsel's knowledge, the performance of the Borrower under, the WIFIA Bond, the Ordinance, the Second Lien Bonds Master Indenture, the Fourteenth Supplemental Indenture or the WIFIA Loan Agreement other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Borrower;

(g) The execution and delivery by the Borrower of, and compliance with the provisions of, the WIFIA Bond, the Ordinance, the Second Lien Bonds Master Indenture, the Fourteenth Supplemental Indenture and the WIFIA Loan Agreement in each case do not (i) violate the law of the United States of America or of the State or (ii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which the Borrower is a party, or to such counsel's knowledge, any court order, consent decree, statute, rule, regulation or any other law to which the Borrower is subject;

(h) The Borrower is not an investment company required to register under the Investment Company Act of 1940, as amended; and

(i) There is no litigation or proceeding pending, or to such counsel's knowledge, threatened, affecting the existence of the Borrower or seeking to restrain or enjoin the issuance of the WIFIA Bond, or contesting the validity or enforceability of the WIFIA Bond, the Ordinance, the Second Lien Bonds Master Indenture, the Fourteenth Supplemental Indenture or the WIFIA Loan Agreement, or the powers of the Borrower or its authority with respect to the WIFIA Bond, the Ordinance, the Second Lien Bonds Master Indenture, the Fourteenth Supplemental Indenture or the WIFIA Loan Agreement.

## EXHIBIT I

### FORM OF CERTIFICATE OF TRUSTEE

#### CITY OF CHICAGO

**Second Lien Water Revenue Bonds, Project Series 2023C Taxable,  
City of Chicago Department of Water Management Water Main and Lead Service Line  
Replacement Program Project  
(WIFIA ID – N20164IL)**

The undersigned, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the “*Trustee*”), by its duly appointed, qualified and authorized representative below, certifies with respect to the above referenced bond dated October 20, 2023 (the “*WIFIA Bond*”), as follows (capitalized terms used in this Certificate which are not otherwise defined shall have the meanings given to such terms in that certain Amended and Restated Master Indenture of Trust, dated as of May 1, 2023 (as amended and supplemented on or prior to the date hereof, the “*Second Lien Bonds Master Indenture*”), between the City of Chicago (the “*Borrower*”) and the Trustee):

1. That the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America.

2. That all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the documents pertaining to the issuance of the WIFIA Bond have been obtained by the Trustee and are in full force and effect.

3. That the documents pertaining to the issuance of the WIFIA Bond to which the Trustee is a party were executed by the Trustee and the WIFIA Bond was authenticated on behalf of the Trustee by one or more of the persons whose names and offices appear on Annex One attached hereto and made part hereof, that each person was at the time of the execution of such documents and the authentication of the WIFIA Bond and now is duly appointed, qualified and acting incumbent of his or her respective office, that each such person was authorized to execute such documents and to authenticate the WIFIA Bond, and that the signature appearing after the name of each such person is a true and correct specimen of that person’s genuine signature.

4. That the undersigned has the power and authority to act as Trustee and accept the trusts conveyed to it under the Second Lien Bonds Master Indenture (the “*Trusts*”), has accepted the Trusts so conveyed and in so accepting the Trusts and so acting is not in violation of any provision of its articles of association or bylaws, any law, regulation or court or administrative order or any agreement or other instrument to which it is a party or by which it may be bound.

5. That receipt is acknowledged of all instruments, certifications and other documents or confirmations required to be received by the Trustee pursuant to Section 2.05 of that certain Fourteenth Supplemental Indenture Securing Second Lien Water Revenue Bonds, dated as of October 1, 2023 (the “*Fourteenth Supplemental Indenture*,” the Second Lien Bonds Master

Indenture as supplemented by the Fourteenth Supplemental Indenture is referred to in this Certificate as the “*Indenture*”), between the Borrower and the Trustee.

6. That receipt is also acknowledged of that certain WIFIA Loan Agreement, dated as of October 20, 2023 (the “*WIFIA Loan Agreement*”), between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator.

7. That the Trustee accepts its appointment and agrees to perform the duties and responsibilities of Trustee for and in respect of the WIFIA Bond as set forth in the Indenture and the WIFIA Loan Agreement, including from time to time redeeming all or a portion of the WIFIA Bond as provided in Article III of the Fourteenth Supplemental Indenture. In accepting such duties and responsibilities, the Trustee shall be entitled to all of the privileges, immunities, rights and protections set forth in Article VIII of the Second Lien Bonds Master Indenture (as supplemented by Article VIII of the Fourteenth Supplemental Indenture).

8. That all funds and accounts for the payment of the WIFIA Bond pursuant to the Indenture (including, but not limited to, the 2023C Principal and Interest Account) have been established as provided in the Indenture.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this [ ] day of [ ], 2023.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.

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

ANNEX ONE

SPECIMEN SIGNATURE OF AUTHORIZED SIGNATORY OF THE TRUSTEE

Name	Title	Specimen Signature
Mietka Collins	Vice President	<hr/>



## EXHIBIT J

### FORM OF INVESTOR LETTER

\_\_\_\_\_ (the “Purchaser”), is the purchaser of the \$336,000,000 Second Lien Water Revenue Bonds, Project Series 2023C (Taxable) (the “Bonds”), issued by the City of Chicago, Illinois (the “City”).

This Certificate is delivered pursuant to Section 33 of the WIFIA Loan Agreement between the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”) and the City dated as of October 20, 2023 (the “WIFIA Loan Agreement”). Capitalized terms used but not defined herein have the meanings set forth in the WIFIA Loan Agreement.

The Purchaser does hereby certify, represent and warrant to the WIFIA Lender and the City as follows:

1. The Purchaser is purchasing the Bonds from the WIFIA Lender.
2. The Purchaser is either (i) an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or (ii) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act. In connection with its business the Purchaser holds an extensive portfolio of investment securities, has experience in the municipal bond market, and is capable of evaluating the merits and risks of purchase of the Bonds.
3. The Purchaser understands that the Bonds are payable in the manner set forth in the Fourteenth Supplemental Indenture Securing Second Lien Water Revenue Bonds, Project Series 2023C Taxable, dated as of October 1, 2023 (the “WIFIA Loan Indenture”) between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, and has received and reviewed to its satisfaction copies of the WIFIA Loan Indenture and all principal documents relating to the authorization and issuance of the Bonds.
4. The Purchaser has been provided access to the public records and financial statements of the City and has been provided the opportunity to ask questions of the Purchaser and receive answers from the City regarding the terms and conditions of the Bonds and the security for the payment thereof, and to obtain any additional information necessary to verify the accuracy of the information obtained. The Purchaser considers the information it has received sufficient to make the investment decision to purchase the Bonds.
5. The Purchaser understands that no official statement, prospectus, offering, circular, or other comprehensive offering statement is being provided with respect to the Bonds.
6. The Purchaser acknowledges that in connection with its purchase of the Bonds, it has performed its own investigation of the risks involved in purchasing the Bonds for its own portfolio and is not relying on any other person to have conducted such investigation.
7. The Purchaser understands that the Bonds have not been registered under the Securities Act because the Bonds are exempt from such registration requirements. The Bonds have not been registered or may not be otherwise qualified for sale under the “Blue Sky” laws or regulations of any state, will not be listed on any stock or other securities exchange, will carry no

rating from any rating service, may not be readily marketable, and, therefore, the Purchaser may have to bear the economic risk of ownership of the Bonds for an indefinite period of time.

8. The Purchaser is purchasing the Bonds for its own account for investment and not with a present view to resale or distribution. The Purchaser will not sell or re-offer the Bonds, or sell participation interests in the Bonds, except in the event that (i) such sale or re-offering complies with federal securities laws and regulations and (ii) any subsequent purchaser, assignee or transferee shall deliver to the City prior to such assignment an Investor Letter substantially identical to this Investor Letter.

\_\_\_\_\_, as Purchaser

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated \_\_\_\_\_, 20\_\_

EXHIBIT B-1

AMENDED AND RESTATED MASTER INDENTURE

[Attached to the record of proceedings as Document No. 4.]



---

AMENDED AND RESTATED MASTER INDENTURE OF TRUST  
from  
CITY OF CHICAGO  
to  
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
as Successor Trustee  
DATED AS OF MAY 1, 2023

AMENDING AND RESTATING A MASTER INDENTURE OF TRUST  
DATED AS OF DECEMBER 15, 1999

SECURING  
CITY OF CHICAGO  
SECOND LIEN WATER REVENUE BONDS

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## AMENDED AND RESTATED MASTER INDENTURE OF TRUST

**THIS AMENDED AND RESTATED MASTER INDENTURE OF TRUST** (this “**Indenture**”) dated as of May 1, 2023, is from the **CITY OF CHICAGO** (the “**City**”), a municipal corporation and home rule unit of local government organized and existing under the laws of the State of Illinois, to The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized, existing and authorized to accept and execute trusts under and by virtue of the laws of the United States of America, having a designated corporate trust office in the City of Chicago, Illinois, as successor trustee to American National Bank and Trust Company of Chicago (together with any successor or successors as trustee under this Indenture, the “**Trustee**”);

### WITNESSETH:

**WHEREAS**, the City is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois, and is a “home rule unit” of local government under Section 6(a) of Article VII of the 1970 Constitution; and

**WHEREAS**, the City has constructed and is maintaining and operating the Water System (as defined herein) to meet the needs of the City's inhabitants and other users of the Water System. The Water System is operated under the supervision and control of the Department of Water Management of the City; and

**WHEREAS**, to finance capital expenditures of the Water System, the City has previously issued (i) pursuant to an ordinance passed by the City Council of the City (the “**City Council**”) on June 4, 1997 and a related Senior Lien Bond Determination Certificate of the Chief Financial Officer of the City (“collectively, the “**Series 1997 Ordinance**”), its Water Revenue Bonds, Series 1997 (the “**Series 1997 Bonds**”) and (ii) pursuant to an ordinance passed by the City Council on November 17, 1999 (the “**Series 2000 Bond Ordinance**”) its Senior Lien Water Revenue Bonds, Series 2000 (the “**Series 2000 Senior Lien Bonds**” and, together with the Series 1997 Bonds, the “**Senior Lien Bonds**”), none of which are Outstanding; and

**WHEREAS**, to finance capital expenditures of the Water System, the City has previously issued and has outstanding: (i) pursuant to the Series 2000 Bond Ordinance its Second Lien Water Revenue Bonds, Series 2000 (the “**Series 2000 Second Lien Bonds**”), (ii) pursuant to an ordinance passed by the City Council on October 31, 2001 (the “**Series 2001 Bond Ordinance**”) its Second Lien Water Revenue Refunding Bonds, Series 2001 (the “**Series 2001 Second Lien Bonds**”), (iii) pursuant to an ordinance passed by the City Council on May 26, 2004 (the “**Series 2004 Bond Ordinance**”), as amended by an ordinance passed by the City Council on March 14, 2012 and as further amended by an ordinance passed by the City Council on May 9, 2012 (collectively the “**Series 2012 Bond Ordinance**”) its Second Lien Water Revenue Refunding Bonds, Series 2004 (the “**Series 2004 Second Lien Bonds**”), (iv) pursuant to an ordinance passed by the City Council on September 27, 2007 (the “**Series 2008 Bond Ordinance**”) its Second Lien Water Revenue Project and Refunding Bonds, Series 2008 (the “**Series 2008 Second Lien Bonds**”), (v) pursuant to an ordinance passed by the City Council on September 8, 2010 (the “**Series 2010 Bond Ordinance**”) its Second Lien Water Revenue Bonds, Project and Refunding Series 2010A, Second

Lien Water Revenue Bonds, Taxable Project Series 2010B (Build America Bonds — Direct Payment) and Second Lien Water Revenue Bonds, Taxable Project Series 2010C (Qualified Energy Conservation Bonds — Direct Payment) (collectively, the “**Series 2010 Second Lien Bonds**”), (vi) pursuant to the Series 2012 Bond Ordinance its Second Lien Water Revenue Bonds, Project Series 2012 (the “**Series 2012 Second Lien Bonds**”), (vii) pursuant to an ordinance passed by the City Council on April 30, 2014 (the “**Series 2014 Bond Ordinance**”) its Second Lien Water Revenue Project and Refunding Bonds, Series 2014 (the “**Series 2014 Second Lien Bonds**”), (viii) pursuant to an ordinance passed by the City Council on March 16, 2016 (the “**Series 2016 Bond Ordinance**”) its Second Lien Water Revenue Bonds, Series 2016A-1 and Series 2016A-2 (collectively, the “**Series 2016A Second Lien Bonds**”), (ix) pursuant to an ordinance passed by the City Council on January 13, 2016 (the “**Series 2017 Bond Ordinance**”) its Second Lien Water Revenue Refunding Bonds, Series 2017 (the “**Series 2017 Second Lien Bonds**”) and (x) pursuant to an ordinance passed by the City Council on November 8, 2017 (the “**Series 2018 Bond Ordinance**”) its Second Lien Water Revenue Refunding Bonds, Series 2017-2 (the “**Series 2017-2 Second Lien Bonds**” and, together with the Series 2000 Second Lien Bonds, the Series 2001 Second Lien Bonds, the Series 2004 Second Lien Bonds, the Series 2008 Second Lien Bonds, the Series 2010 Second Lien Bonds, the Series 2012 Second Lien Bonds, the Series 2014 Second Lien Bonds, the Series 2016A Second Lien Bonds and the Series 2017 Second Lien Bonds, the “**Prior Second Lien Bonds**”). Pursuant to Section 2.01 of Part B of an ordinance duly adopted by the City Council on June 27, 2018 (the “**2018 Ordinance**”), as amended by an ordinance duly adopted by the City Council on October 27, 2021 (the “**2021 Ordinance**” and collectively with the 2018 Ordinance, the “**Series 2018-1 Bond Ordinance**” and, together with the Series 2000 Bond Ordinance, the Series 2001 Bond Ordinance, the Series 2004 Bond Ordinance, the Series 2008 Bond Ordinance, the Series 2010 Bond Ordinance, the Series 2012 Bond Ordinance, the Series 2014 Bond Ordinance, the Series 2016 Bond Ordinance, the Series 2017 Bond Ordinance and the Series 2018 Bond Ordinance, the “**Prior Second Lien Bonds Ordinances**”), the City has previously authorized the issuance and sale of Second Lien Parity Bonds (as defined herein; the Prior Second Lien Bonds and the Second Lien Parity Bonds are referred to as the “**Second Lien Bonds**”) in one or more series in an aggregate principal amount not to exceed \$700,000,000, none of which have been issued as of the Effective Date; and

**WHEREAS**, the Prior Second Lien Bonds were also issued pursuant to a Master Indenture of Trust Securing City of Chicago Second Lien Water Revenue Bonds, dated as of December 15, 1999, as amended by Amendment No. 1 to Master Indenture, dated as of August 1, 2004 (as so amended, the “**Original Indenture**”) between the City and the Trustee, which authorizes the issuance of Second Lien Parity Bonds in one or more series pursuant to one or more Supplemental Indentures (as defined herein); and

**WHEREAS**, Sections 5.01 and 5.02 of the Original Indenture provide that the City may enter into a Supplemental Indenture authorized by an ordinance of the City Council and effective upon its execution by the City and the Trustee, as evidence of its consent thereto, without the consent of the holders of any Second Lien Bonds to:

- (i) close the Original Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Original Indenture on, the issuance of Second Lien Bonds or other evidences of indebtedness;

(ii) add to the covenants and agreements of the Original Indenture other covenants and agreements to be observed by the City which are not contrary or inconsistent with the Original Indenture as then in effect;

(iii) add to the limitations and restrictions in the Original Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Original Indenture as then in effect;

(iv) surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Original Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Original Indenture;

(v) create a series of Second Lien Bonds and, in connection with such creation, to specify and determine the matters and things referred to in Article II of the Original Indenture and also any other matters and things relative to such Second Lien Bonds which are not contrary to or inconsistent with Original Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance of such Second Lien Bonds;

(vi) confirm, as further assurance, the pledge under the Original Indenture and the subjection of additional properties, Net Revenues (as defined herein) or other collateral to any lien, claim or pledge created or to be created by the Original Indenture;

(vii) modify any of the provisions of the Original Indenture in any respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Second Lien Bonds Outstanding (as defined therein) at the date of the execution and delivery of such Supplemental Indenture shall cease to be Outstanding

(viii) cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Original Indenture;

(ix) insert such provisions clarifying matters or questions arising under the Original Indenture as are necessary or desirable and are not contrary to or inconsistent with the Original Indenture as then in effect; or

(x) provide additional duties of the Trustee under the Original Indenture.

**WHEREAS**, provisions in each of the Prior Second Lien Bonds Ordinances provide that the City may amend or modify each of the Prior Second Lien Bonds Ordinances in accordance with the Original Indenture; and

**WHEREAS**, the City has determined that it is advisable and in the best interests of the City to amend and restate the Original Indenture and amend certain provisions of each of the Prior Second Lien Bonds Ordinances to, among other things, (i) add to the covenants and agreements of the City under the Original Indenture, (ii) add additional Net Revenues to the lien created by the Original Indenture, (iii) incorporate the provisions of each of the Prior Second Lien Bonds Ordinances regarding the use of monies in the funds and accounts of the Water Fund (as defined

herein) into the Original Indenture, (iv) cure ambiguities and clarify matters regarding the use of the terms “Operation and Maintenance Costs” and “Net Revenues Available for Bonds” as are necessary and are not contrary to or inconsistent with the Original Indenture as now in effect, (v) add to the limitations and restrictions in the Original Master Indenture other limitations and restrictions regarding the use of monies in the funds and accounts in the Water Fund not contrary to or inconsistent with the Original Indenture as now in effect and (vi) clarify matters regarding the use of monies in the funds and accounts of the Water Fund not contrary to or inconsistent with the Original Indenture as now in effect; and

**WHEREAS**, the execution and delivery of this Indenture has been duly and validly authorized by an ordinance duly adopted by the City Council on November 7, 2022.

### **GRANTING CLAUSES**

The City, in consideration of the premises and the acceptance by the Trustee of the trusts created by this Indenture and of the purchase and acceptance of the Second Lien Bonds by their Owners, and of the sum of one dollar, lawful money of the United States of America, duly paid by the Trustee to the City at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which are acknowledged, in order to secure the payment of the principal of, redemption premium, if any, and interest on the Second Lien Bonds Outstanding according to their tenor and effect, and to secure the performance and observance by the City of all the covenants expressed or implied in this Indenture and in the Second Lien Bonds, assigns and grants a security interest in and to the following to the Trustee, and its successors in trust and assigns forever for the securing of the performance of the obligations of the City set forth below (the “**Trust Estate**”).

#### **Granting Clause First**

All right, title and interest of the City in and to the Net Revenues and amounts on deposit in the Second Lien Bonds Construction Accounts and the accounts of the Water Fund, except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account.

#### **Granting Clause Second**

All moneys and securities from time to time held by the Trustee under the terms of this Indenture, except for moneys deposited with or paid to the Trustee and held in trust under this Indenture for the redemption of Second Lien Bonds, notice of the redemption of which has been duly given.

#### **Granting Clause Third**

Any and all other property, rights and interest of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected to this Indenture, as and for additional security under this Indenture by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is authorized to receive any

and all property thereof at any time and all times and to hold and apply the same subject to the terms of this Indenture.

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts set forth in this Indenture for the equal and proportionate benefit, security and protection of all present and future owners of the Second Lien Bonds without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing except to the extent or otherwise specifically provided in any of the foregoing;

**PROVIDED** that if the City, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, redemption premium, if any, and interest on the Second Lien Bonds due or to become due on the Second Lien Bonds, at the times and in the manner set forth in the Second Lien Bonds according to their true intent and meaning, and shall cause the payments to be made on the Second Lien Bonds as required under Article IV, or shall provide, as permitted by this Indenture, for such payments and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, and shall pay all sums of money due or to become due under all outstanding Section 2.08 Obligations and Section 2.09 Obligations, then upon the final payment of the foregoing this Indenture and the rights by this Indenture grant shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect; and it is expressly declared, that all Second Lien Bonds issued and secured under this Indenture are to be issued, authenticated and delivered and all said property, rights and interests and any other amounts assigned and pledged by this Indenture are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as expressed in this Indenture, and the City has agreed and covenanted, and does by this Indenture agree and covenant, with the Trustee and with the respective Owners of the Second Lien Bonds, as follows:

**THIS MASTER INDENTURE OF TRUST FURTHER WITNESSETH**, and it is expressly declared, that all Second Lien Bonds issued under this Indenture or incurred pursuant to Section 2.08 or Section 2.09 and secured by this Indenture are to be issued and secured and the Net Revenues and other moneys hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as expressed below, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time of the Second Lien Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATION**

**Section 1.01 Definitions.** Terms defined in the Series 2000 Bond Ordinance are used with the same meanings in this Indenture, unless the context clearly requires otherwise. The terms

defined in this Section shall, for all purposes of this Indenture, have the meanings specified in this Indenture, unless the context clearly requires otherwise.

**“Aggregate Second Lien Bonds Requirement”** means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to 110 percent of Aggregate Second Lien Debt Service with respect to such Bond Year or other specified 12-month period with respect to the Second Lien Bonds of all Series and all Section 2.08 Obligations and Section 2.09 Obligations, provided that for purposes of Section 4.06, "Aggregate Second Bonds Requirement" means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, 110 percent of Annual Second Debt Lien Debt Service with respect to such Bond Year or other specified 12-month period, and for purposes of calculating interest payable during such Bond Year or other specified 12-month period in respect of any Variable Rate Bonds, the rate of interest shall be assumed to equal the rate of interest paid with respect to such Variable Rate Bonds on the interest payment date immediately preceding the date of calculation.

**“Aggregate Second Lien Debt Service”** means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate amounts required by the provisions of all Supplemental Indentures creating series of Second Lien Bonds and all instruments creating Section 2.08 Obligations and Section 2.09 Obligations to be deposited from Net Revenues in all sub-funds, accounts and subaccounts created under such Supplemental Indentures in such Bond Year or other specified 12-month period, provided that for purposes of calculating interest payable during such Bond Year or other specified 12-month period in respect to any Variable Rate Bonds, the rate of interest shall be assumed to equal the rate of interest paid with respect to such Variable Rate Bonds on the interest payment date immediately preceding the date of calculation.

**“Aggregate Subordinate Lien Debt Service”** means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate of the amounts of Annual Subordinate Lien Debt Service with respect to such Bond Year or other specified 12-month period and to the Subordinate Lien Obligations of all series.

**“Annual Second Lien Debt Service”** means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period and with respect to Second Lien Bonds of a particular series or consisting of a particular Section 2.08 Obligation or Section 2.09 Obligation, an amount of money equal to the sum of (a) all interest, costs or fees payable during such Bond Year or other specified 12-month period with respect to all Second Lien Bonds of said series, such Section 2.08 Obligation and Section 2.09 Obligation Outstanding on said date of computation and (b) all Principal Installments payable during such Bond Year or other specified 12-month period with respect to all Second Lien Bonds of said series, such Section 2.08 Obligation and Section 2.09 Obligation Outstanding on said date of computation, all calculated on the assumption that such Second Lien Bonds, Section 2.08 Obligation and Section 2.09 Obligation will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with this Indenture and the Supplemental Indenture creating such series or the instrument creating such Section 2.08 Obligation or Section 2.09 Obligation of Principal Installments payable at or after said date of computation.

**“Annual Subordinate Lien Debt Service”** means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and with respect to Subordinate Lien Obligations of a particular series, an amount of money equal to the sum of (a) all interest payable during such Fiscal Year or other specified 12-month period on all Subordinate Lien Obligations of said series Outstanding on said date of computation and (b) all Principal Installments payable during such Fiscal Year or other specified 12-month period with respect to all Subordinate Lien Obligations of said series Outstanding on said date of computation, all calculated on the assumption that Subordinate Lien Obligations will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Subordinate Lien Obligation Ordinances of Principal Installments payable at or after said date of computation.

**“Authorized Officer”** means (a) the Mayor, the Chief Financial Officer, the Commissioner, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor and filed with the Trustee for so long as such designation shall be in effect and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

**“Bond Counsel”** means one or more firms of nationally recognized bond counsel designated by the Corporation Counsel of the City.

**“Bondholder” or “Owner”** means the person in whose name any Second Lien Bond is registered on the registration books of the City kept by the Trustee.

**“Bond Insurance Policy”** means a municipal bond insurance policy issued by a Bond Insurer, which guaranties the scheduled payment of principal of and interest on one or more Second Lien Bonds.

**“Bond Insurer”** means, with respect to any series of Second Lien Bonds, the insurance company that has insured the scheduled payment of the principal of and interest on all or any portion of such series and any successor to such company.

**“Bond Registrar”** means such banking institution as may be appointed by the Chief Financial Officer as bond registrar for the Second Lien Bonds, or any successor to it in that capacity appointed by the Chief Financial Officer and any co-bond registrar separately appointed by the Chief Financial Officer.

**“Bond Year”** means a 12-month period commencing on November 1 of each calendar year and ending on October 31 of the next succeeding calendar year.

**“Business Day”** means any day of the year on which banks located in the city, or cities, respectively, in which are located the designated corporate trust office of the Trustee, the principal office of any Remarketing Agent and the office of the Letter of Credit Provider at which drawings under the Letter of Credit are made, are not required or authorized to remain closed and on which The New York Stock Exchange, Inc. is not closed.

**“Capital Appreciation Obligation”** means a Second Lien Bond bearing interest that is compounded on an initial date and semiannually thereafter, and is payable at maturity.

**“Cash on Hand”** means the sum, as shown on the most recent audited financial statements of the Water Fund, of cash, cash equivalents, liquid investments and marketable securities in the Water Fund and any account or sub-account therein, excluding any such items in the Senior Lien Rebate Accounts, Second Lien Bonds Account, Subordinate Lien Obligations Account, Commercial Paper Account or Line of Credit Notes Account.

**“Certificate”** means an instrument of the City in writing signed by an Authorized Officer. Any such instrument in writing and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instruments, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any Certificate may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants, or engineers, respectively, unless the officer signing such Certificate knows that the opinion or representation with respect to the matters upon which such Certificate may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel or accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

**“Code”** means the Internal Revenue Code of 1986, as amended. References to the Code and to sections of the Code shall include relevant final, temporary or proposed Regulations as in effect from time to time and, with reference to any series of Second Lien Bonds, as applicable to obligations issued on the date of issuance of such series.

**“Chief Financial Officer”** means the Chief Financial Officer of the City appointed by the Mayor or, in the event no person is at the time then so appointed and acting, the City Comptroller of the City.

**“City”** means the City of Chicago.

**“City Clerk”** means the duly elected and qualified person serving as the City Clerk of the City.

**“City Council”** means the City Council of the City.

**“Compound Accreted Value”** means, with respect to any Capital Appreciation Obligation, as of any date of calculation, its original principal amount plus the appreciation in its principal amount to that date calculated as provided in the related Second Lien Bond Determination Certificate.

**“Constitution”** means the 1970 Constitution of the State of Illinois.

**“Costs of Issuance”** means any item of expense payable or reimbursable, directly or indirectly, by the City and related to the authorization, offering, sale, issuance and delivery of Second Lien Bonds, including but not limited to travel and other expenses of any officer or employee of the City in connection with the authorization, offering, sale, issuance and delivery of such Second Lien Bonds, printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and disbursements of financial advisors, accountants and engineers, initial



fees and charges of the Trustee, legal fees and disbursements, fees and disbursements of other consultants and professionals, costs of credit- ratings, fees and charges for preparation, execution, transportation and safekeeping of Second Lien Bonds, application fees and premiums on municipal bond insurance, surety bond and credit facility charges and costs.

“**Counsel's Opinion**” means a written opinion of counsel selected by the City (who may be the Corporation Counsel for the City).

“**CP Notes**” means obligations commonly described as “commercial paper” issued by the City from time to time, payable from the Commercial Paper Account described in Section 3.03(d).

“**Days Cash On Hand**” means Cash On Hand divided by the quotient of (i) operating expenses, as shown on the most recent audited financial statements of the Water Fund, and (ii) 365.

“**Deputy City Clerk**” means the duly appointed and qualified person serving as the Deputy City Clerk of the City.

“**Effective Date**” means May 9, 2023.

“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“**Event of Default**” means an Event of Default under Section 7.01.

“**Federal Subsidies**” means (i) the direct payments by the Treasury Department to the City of a portion of the interest payable by the City on the Series 2010B Second Lien Bonds and the Series 2010C Second Lien Bonds and (ii) to the extent hereafter appropriated by the Congress of the United States, payments by the Treasury Department to the City resulting from subsidies, tax credits or other incentives or benefits to state and local governments in connection with the issuance of debt obligations by such governments.

“**Fiscal Year**” means the period beginning January 1 and ending December 31 of any year.

“**Governmental Obligations**” means securities which are obligations described in clauses (a) and (b) of the definition of Permitted Investments in this Section 1.01.

“**Gross Revenues**” means all income and receipts from any source which under generally accepted accounting principles are properly recognized as being derived from the operation of the Water System, including without limitation (i) charges imposed for water service and usage, (ii) charges imposed for sales of water to municipalities (other than the City) and other users of water service, (iii) charges imposed for inspections and permits for connection to the Water System, (iv) grants (excluding grants received for capital projects) and (v) Investment Earnings. Gross Revenues do not include (a) amounts credited to customers on their bills, such as for the purchase price paid to such customers

for capital assets of the Water System, or (b) Federal Subsidies unless the Supplemental Indenture authorizing the series of Second Lien Bonds with respect to which Federal Subsidies are to be paid provides otherwise.

**“Hedge Counterparty”** means the person or persons with which the City enters into an Interest Rate Hedge Agreement.

**“Indenture”** means this Amended and Restated Master Indenture of Trust as originally executed and delivered by the City and the Trustee and as the same may be amended or supplemented in accordance with the terms of this Indenture.

**“Insured Obligation”** means any Second Lien Bond with respect to which the payment of principal and interest is guaranteed under a Bond Insurance Policy.

**“Interest Rate Hedge Agreement”** means an interest rate exchange, hedge or similar agreement with a Hedge Counterparty entered into in order to hedge or manage the interest payable on all or a portion of any series of Second Lien Bonds, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent. Obligations of the City under an Interest Rate Hedge Agreement shall not constitute indebtedness of the City for which its full faith and credit are pledged or for any other purpose.

**“Internal Revenue Code”** means the Internal Revenue Code of 1986, as amended, or any successor act and the regulations promulgated thereunder.

**“Investment Earnings”** means interest plus net profits and less net losses derived from investments made with any portion of the Gross Revenues or with any money in the Accounts in the Water Fund (other than the Senior Lien Rebate Accounts specified in Section 3.03(a)). Investment Earnings do not include interest or earnings on investments of any Second Lien Rebate Accounts established pursuant to Section 3.03(a) of this Indenture.

**“Letter of Credit Provider”** means the issuer of a letter of credit with respect to which the reimbursement obligation is a Section 2.08 Obligation.

**“Mayor”** means the Mayor of the City.

**“Municipal Code”** means the Municipal Code of Chicago, as amended.

**“Net Revenues”** means that portion of the Gross Revenues remaining in any period after providing sufficient funds for Operation and Maintenance Costs.

**“Net Revenues Available for Bonds”** means that portion of the Net Revenues remaining in any period, plus the amounts allocated from the Water Rate Stabilization Account as provided in Section 3.03(f), plus the amounts allocated from the Residual Account at the direction of the Chief Financial Officer as provided in Section 3.03(g).

**“Operation and Maintenance Costs”** means all expenses reasonably incurred by the City in connection with the operation, maintenance, renewal, replacement and repair

of the Water System, which under generally accepted accounting principles are properly chargeable to the Water System and not capitalized, including, without limitation, salaries, wages, retirement plan contribution obligations, taxes, contracts for services, costs of materials and supplies, purchase of power, fuel, insurance, reasonable repairs and extensions necessary to render efficient service, the costs related to any agreements or other arrangements entered into pursuant to this Indenture, Paying Agent's fees, and all incidental expenses, but excluding any provision for depreciation or interest on Second Lien Bonds, Subordinate Lien Obligations, CP Notes, Water System Line of Credit Notes or other obligations for borrowed money payable from the Net Revenues, the fees of the trustee and any remarketing agent, paying agent or bond registrar for the Second Lien Bonds, and the paying agent, if any, for Subordinate Lien Obligations.

**“Opinion of Bond Counsel”** means a written opinion of Bond Counsel.

**“Outstanding”** means, with reference to any series of Second Lien Bonds, all of such obligations issued under this Indenture or incurred pursuant to Section 2.08 that are outstanding and unpaid, provided that such term shall not include obligations:

(a) which have been paid or redeemed in full both as to principal, redemption premium, if any, and interest, or

(b) which have matured or which have been duly called for redemption and for the payment of which money is on deposit with designated paying agents for such Second Lien Bonds or are otherwise properly available, sufficient to pay the principal of, redemption premium, if any, and interest on such Second Lien Bonds, or

(c) for which the City has provided for payment by depositing in an irrevocable trust or escrow, cash or Governmental Obligations, in each case the maturing principal of and interest on which will be sufficient, without reinvestment, to pay at maturity, or if called for redemption on the applicable redemption date, the principal of, redemption premium, if any, and interest on such Second Lien Bonds, or

(d) which are owned by the City.

When used with respect to Subordinate Lien Obligations, **“Outstanding”** shall have the meaning ascribed to such term in the related Subordinate Lien Obligation Ordinance.

**“Paying Agent”** means such banking institution as may be appointed by the Chief Financial Officer as paying agent for a series of Second Lien Bonds, or any successor to it in that capacity appointed by the Chief Financial Officer and any co-paying agent separately appointed by the Chief Financial Officer.

**“Payment Date”** means any date on which a Principal Installment or interest on any series of Second Lien Bonds is payable in accordance with its terms and the terms of this Indenture and the Supplemental Indenture creating such series or, in the case of any Section 2.08 Obligation or amounts which are payable under any Section 2.09 Obligation, in accordance with the terms of the instrument creating such Section 2.08 Obligation or such Section 2.09 Obligation.

**“Permitted Investments”** means any of the following:

(a) United States Treasury bills, notes and bonds or certificates of indebtedness the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) trust receipts or other certificates of ownership evidencing an ownership interest in the principal of or interest on, or both principal of and interest on, obligations described in clause (a) of this definition, which obligations are held in trust by a bank described in clause (d) of this definition, provided that such bank holds such obligations separate and segregated from all other funds and accounts of the City and of such bank and that a perfected first security interest under the Illinois Uniform Commercial Code, or under book entry procedures prescribed at 31 C.F.R. 306.0 et seq. or 31 C.F.R. 350.0 et seq. (or other similar book entry procedures similarly prescribed by federal law or regulations adopted after the date of adoption of this Indenture), has been created in such obligations for the benefit of the applicable account in the Water Fund or, to the extent permitted, in any irrevocable trust or escrow established to make provision for the payment and discharge of the indebtedness on all obligations which are payable from Net Revenues;

(c) obligations, participations or other instruments of or issued by a federal agency or United States government-sponsored enterprise or instrumentality, including but not limited to Fannie Mae, the Federal Home Loan Mortgage Corporation, the United States Postal Service, the. Government National Mortgage Association and the Federal Financing Bank;

(d) negotiable or non-negotiable time deposits evidenced (i) by certificates of deposit issued by any bank, trust company, national banking association or savings and loan association which has capital of not less than \$250,000,000 or (ii) by certificates of deposit which are continuously and fully insured by (A) any federal agency or (B) an insurer that at the time of issuance of the policy securing such deposits has been assigned a credit rating on its long-term unsecured debt within one of the two highest rating categories, without regard to any refinement or gradation of rating category by numerical modifier or otherwise, from at least two Rating Agencies (including the Trustee and its affiliates);

(e) repurchase agreements with banks described in clause (d) of this definition or with government bond dealers reporting to, trading with, and recognized as primary dealers by a Federal Reserve Bank, provided (i) that the underlying securities are obligations described in clauses (a) or (c) of this definition and are required to be continuously maintained at a market value not less than the amount so invested, (ii) the City has received an opinion of counsel to the effect that a custodian for the City has possession of the underlying securities as collateral and has a perfected first security interest in the collateral, and (iii) the collateral is in the opinion of such counsel free and clear of claims by third parties;

(f) Debt obligations of any state of the United States or any other political or governmental subdivision of any state of the United States rated, at the time of purchase, no less than “A-,” or equivalent rating, by at least two accredited Rating Agencies, or having an equivalent credit enhancement instead of a second rating;

(g) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated as investment grade by at least two Rating Agencies, without regard to any refinement or gradation of rating categories by numerical modifier or otherwise, in their highest rating category (if not rated by at least two Rating Agencies then a rating by a single Rating Agency shall be satisfactory), for comparable types of debt obligations;

(h) repurchase agreements and investment agreements (including forward purchase agreements pursuant to which the City agrees to purchase securities of the type described in clauses (a), (b), (c), (f), (g) and (i) of this definition of “Permitted Investments”), with any bank, trust company, national banking association (which may include any Paying Agent or Bond Registrar), insurance company or any other financial institution which at the date of the agreement has an outstanding, unsecured, uninsured and unguaranteed debt issue rated by at least two Rating Agencies in one of their three highest respective long-term rating categories, without regard to any refinement or gradation of rating categories by numerical modifier or otherwise, or if such institution is not so rated, that the agreement is secured by such securities as are described in clauses (a) through (d) above, inclusive, having a market value at all times (exclusive of accrued interest, other than accrued interest paid in connection with the purchase of such securities) at least equal to the principal amount invested pursuant to the agreement, provided that (i) a custodian for the City (which custodian is not the entity with which the City has the repurchase or investment agreement) has a perfected first security interest in the collateral and the City has received an opinion of counsel to that effect, (ii) the custodian or an agent of the custodian (which agent is not the entity with which the City has the repurchase or investment agreement) has possession of the collateral, and (iii) such obligations are in the opinion of such counsel free and clear of claims by third parties;

(i) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, rated by at least two Rating Agencies in their two highest short-term rating category, without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(j) certificates of deposit of national banks that are either fully collateralized at least 110 percent by marketable U.S. government securities marked to market at least monthly or secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category, without regard to any refinement or gradation of rating category by numerical modifier or otherwise, as rated by at least one Rating Agency and maintaining such rating during the term of such investment;

(k) shares of a money market fund registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, as amended (including those for which the Trustee or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise);

(l) Certificates of deposit of municipal depositories or national banks (including the Trustee and its affiliates) secured or collateralized as follows and shall be either:

1 . Fully collateralized at least 100% by a combination of bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, of any US State, or any political subdivision of a US State, which are rated at least AA, or equivalent rating, by at least two accredited ratings agencies and maintaining such rating during the term of such investments.

2 . Secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category as rated by a nationally recognized statistical rating organization and maintaining such rating during the term of such investment.

3 . Fully collateralized at least 100% by an irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term deposit; and

(m) Any other suitable investment instrument permitted by state laws governing municipal investments or City Municipal Code, subject to the reasonable exercise of prudence in investing public funds

**“Principal Installment” means:**

(a) as of any particular date of computation and with respect to Second Lien Bonds of a particular series or consisting of a particular Section 2.08 Obligation, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Second Lien Bonds of said series or Section 2.08 Obligation which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Second Lien Bonds which would at or before said future date be retired by reason of the payment when due and the application in accordance with this Indenture, with respect to the Second Lien Bonds, or the ordinance or trust indenture creating any other series of Second Lien Bonds or the instrument creating such Section 2.08 Obligation, of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Second Lien Bonds, plus (ii) the amount of any Sinking Fund Payments payable on said future date for the retirement of such Outstanding Second Lien Bonds, and for all purposes of this Indenture, said future date shall be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment; and

(b) as of any particular date of computation and with respect to Subordinate Lien Obligations of a particular series, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Subordinate Lien Obligations of said series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Subordinate Lien Obligations which would at or before said future date be retired by reason of the payment when due and the application in accordance with the Subordinate Lien Obligation Ordinance authorizing the issuance of each series of Subordinate Lien Obligations of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Subordinate Lien Obligations, plus (ii) the amount of any Sinking Fund Payments payable on said future date for

the retirement of any Outstanding Subordinate Lien Obligations of such series, and for all purposes of this Indenture, said future date shall be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.

**“Projects”** means the program of improvements and extensions to the Water System designated by the Commissioner of Water and identified in the related Second Lien Bonds Ordinance.

**“Project Bonds”** means a series of Second Lien Bonds, the proceeds of which are used for Project Costs.

**“Project Costs”** means the costs of acquiring, constructing and equipping the Projects, including without limitation, acquisition of necessary interests in property, engineering fees or costs of the City, restoration costs, legal fees or costs of the City.

**“Qualified Collateral”** means:

- (a) Governmental Obligations;
- (b) direct and general obligations of any state of the United States of America or any political subdivision of the State of Illinois which are rated not less than AA or Aa or their equivalents by any Rating Agency; and
- (c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

**“Rating Agency”** means any nationally recognized securities rating agency.

**“Redemption Price”** means with respect to any series of Second Lien Bonds the principal amount of such Second Lien Bonds plus the applicable premium, if any, payable upon redemption of such Second Lien Bonds pursuant to the provisions of such Second Lien Bonds or the Supplemental Indenture creating such Series of Second Lien Bonds, or such other redemption price as may be specified in such Second Lien Bonds or Supplemental Indenture.

**“Refunding Obligations”** means all Second Lien Bonds whether issued in one or more series, authenticated and delivered on original issuance for the purpose of the refunding of Second Lien Bonds or Subordinate Lien Obligations of any series.

**“Registered Owner”** means any person in whose name a Bond is registered in the registration books of the City maintained by the Bond Registrar.

**“Regulations”** means the Income Tax Regulations (26 CFR Part 'I) promulgated under and pursuant to the Code.

**“Residual Account”** means the separate account of that name established by the City in the Water Fund and described in Section 3.03(g).

**“Second Lien Bonds”** means the Series 2017-2 Second Lien Bonds, the Series 2017 Second Lien Bonds, the Series 2016A Second Lien Bonds, the Series 2014 Second Lien Bonds, the Series 2012 Second Lien Bonds, the Series 2010 Second Lien Bonds, the Series 2008 Second Lien Bonds, the Series 2004 Second Lien Bonds, the Series 2001 Second Lien Bonds, the Series 2000 Second Lien Bonds and all Second Lien Parity Bonds.

**“Second Lien Bonds Account”** means the separate account of that name previously established in the Water Fund and described in Section 3.03(b).

**“Second Lien Bonds Construction Accounts”** means the various accounts established for construction purposes by the Series 2000 Ordinance, the Series 2004 Ordinance, the Series 2006 Ordinance, the Series 2008 Ordinance, the Series 2010 Ordinance, the Series 2012 Ordinance, the Series 2014 Ordinance, the Series 2016 Ordinance, the Series 2018 Ordinance and the Bond Proceeds Account: 2016A Second Lien Bonds established by the Series 2016A Ordinance and any account established for construction purposes for a series of Second Lien Parity Bonds by the related Second Lien Bonds Ordinance.

**“Second Lien Bonds Ordinances”** means ordinances of the City authorizing the issuance of Second Lien Parity Bonds.

**“Second Lien Parity Bonds”** means obligations which are payable from Net Revenues on an equal and ratable basis with all other Outstanding Second Lien Bonds.

**“Section 2.08 Obligations”** means any obligations incurred by the City to reimburse or otherwise make payments to the issuer or issuers of one or more letters of credit, lines of credit, standby purchase agreements, financial guaranty insurance policies or surety bonds (including Qualified Reserve Account Instruments as defined in Section 4.14) securing one or more series of Second Lien Bonds as described in Section 2.08, including any fees or other amounts payable to the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, whether such obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination thereof.

**“Section 2.09 Obligations”** means any obligations incurred by the City to any one or more Hedge Counterparties pursuant to Section 2.09 including any fees or amounts payable by the City under each related Interest Rate Hedge Agreement or agreement described in Section 2.09(b).

**“Senior Lien Bond Ordinances”** means Part B and to the extent applicable, Parts A and E of the Series 2000 Bond Ordinance.

**“Senior Lien Bonds”** means the Series 1997 Bonds and the Senior 2000 Senior Lien Bonds.



“**Senior Lien Rebate Account**” or “**Senior Lien Rebate Accounts**” means the separate account or accounts with that title in the Water Fund referred to in Section 3.03(a).

“**Series 1997 Ordinance**” means the ordinance passed by the City Council on June 4, 1997, authorizing the issuance of the Series 1997 Bonds, and the Senior Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 1997 Bonds.

“**Series 1997 Bonds**” means the Water Revenue Bonds, Series 1997, of the City which are Outstanding from time to time.

“**Series 2000 Bond Ordinance**” means (i) the ordinance passed by the City Council on November 17, 1999, authorizing the issuance of the Series 2000 Senior Lien Bonds, the Series 2000 Second Lien Bonds and the Series 2000 Subordinate Lien Obligations, and (ii) the Senior Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2000 Senior Lien Bonds.

“**Series 2000 Second Lien Bonds**” means the Second Lien Water Revenue Bonds, Series 2000, of the City which are Outstanding from time to time.

“**Series 2000 Senior Lien Bonds**” means the Senior Lien Water Revenue Bonds, Series 2000, of the City which are Outstanding from time to time.

“**Series 2000 Subordinate Lien Obligations**” means the loans authorized by and defined in the Series 2000 Ordinance which are Outstanding from time to time.

“**Series 2001 Second Lien Bonds**” means the Second Lien Water Revenue Refunding Bonds, Series 2001, of the City which are Outstanding from time to time.

“**Series 2004 Commercial Paper Program Notes**” means the Water System Commercial Paper Notes, 2004 Program, Series A (Tax-Exempt) and Series B (Taxable) of the City outstanding from time to time.

“**Series 2004 Ordinance**” means the ordinance passed by the City Council on May 26, 2004, as amended by the Series 2012 Ordinance, authorizing the issuance of the Series 2004 Second Lien Bonds and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2004 Second Lien Bonds and further authorizing the Series 2004 Commercial Paper Program Notes.

“**Series 2004 Second Lien Bonds**” means the Second Lien Water Revenue Refunding Bonds, Series 2004, of the City, which are Outstanding from time to time.

“**Series 2008 Ordinance**” means the ordinance passed by the City Council on September 27, 2007, authorizing, among other things, the issuance of the Series 2008 Second Lien Bonds and the Series 2008 Subordinate Lien Obligations.

“**Series 2008 Second Lien Bonds**” means the Second Lien Water Revenue Project and Refunding Bonds, Series 2008, of the City, which are Outstanding from time to time.

**“Series 2008 Subordinate Lien Obligations”** means the Loans authorized by and defined in the Series 2008 Ordinance.

**“Series 2010A Second Lien Bonds”** means the Second Lien Water Revenue Bonds, Project and Refunding Series 2010A (Tax-Exempt), of the City, which are Outstanding from time to time.

**“Series 2010E Second Lien Bonds”** means the Second Lien Water Revenue Bonds, Taxable Project Series 2010B (Build America Bonds — Direct Payment), of the City, which are Outstanding from time to time.

**“Series 2010C Second Lien Bonds”** means the Second Lien Water Revenue Bonds, Taxable Project Series 2010C (Qualified Energy Conservation Bonds — Direct Payment), of the City, which are Outstanding from time to time.

**“Series 2010 Ordinance”** means the ordinance passed by the City Council on September 8, 2010, authorizing, among other things, the issuance of the Series 2010 Second Lien Bonds and the Series 2010 Subordinate Lien Obligations and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2010 Second Lien Bonds.

**“Series 2010 Second Lien Bonds”** means, collectively, the Series 2010A Second Lien Bonds, the Series 2010B Second Lien Bonds and the Series 2010C Second Lien Bonds which are Outstanding from time to time.

**“Series 2010 Subordinate Lien Obligations”** means the Loans authorized and defined in the Series 2010 Ordinance.

**“Series 2012 Ordinance”** means the ordinance passed by the City Council on March 14, 2012 as amended by the ordinance passed by the City Council on May 9, 2012, authorizing, among other things, the issuance of the Series 2012 Second Lien Bonds and the Series 2012 Subordinate Lien Obligations and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2012 Second Lien Bonds.

**“Series 2012 Second Lien Bonds”** means the Second Lien Water Revenue Bonds, Project Series 2012, of the City, which are Outstanding from time to time.

**“Series 2012 Subordinate Lien Obligations”** means the Loans authorized and defined in the Series 2012 Ordinance.

**“Series 2014 Ordinance”** means the ordinance passed by the City Council on April 30, 2014, authorizing the issuance of the Series 2014 Second Lien Bonds and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2014 Second Lien Bonds.

**“Series 2014 Second Lien Bond”** means the Second Lien Water Revenue Project and Refunding Bonds, Series 2014, of the City, which are Outstanding from time to time.

**“Series 2016A Ordinance”** means the ordinance passed by the City Council on March 16, 2016, authorizing the issuance of the Series 2016A Second Lien Bonds and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2016A Second Lien Bonds.

**“Series 2016A Second Lien Bonds”** means the Second Lien Water Revenue Bonds, Series 2016A-1 (Tax-Exempt) and Series 2016A-2 (Taxable), of the City, which are Outstanding from time to time.

**“Series 2017 Ordinance”** means the ordinance passed by the City Council on January 13, 2016, authorizing the issuance of the Series 2017 Second Lien Bonds and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2017 Second Lien Bonds.

**“Series 2017 Second Lien Bonds”** means the Second Lien Water Revenue Refunding Bonds, Series 2017, of the City, which are Outstanding from time to time.

**“Series 2018 Ordinance”** means the ordinance passed by the City Council on November 8, 2017, authorizing the issuance of the Series 2017-2 Second Lien Bonds and the Second Lien Bond Determination Certificate of the Chief Financial Officer in connection with the Series 2017-2 Second Lien Bonds.

**“Series 2017-2 Second Lien Bonds”** means the Second Lien Water Revenue Refunding Bonds, Series 2017-2, of the City, which are Outstanding from time to time.

**“Sinking Fund Payment”** means:

(a) as of any particular date of determination and with respect to the Outstanding Second Lien Bonds of any series or consisting of any Section 2.08 Obligation, the amount required by the Supplemental Indenture creating such series or the instrument creating such Section 2.08 Obligation to be paid in any event by the City on a single future date for the retirement of such Second Lien Bonds which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Second Lien Bond; and

(b) as of any particular date of determination and with respect to the Outstanding Subordinate Lien Obligations of any series, the amount required by a Subordinate Lien Obligation Ordinance to be paid in any event by the City on a single future date for the retirement of Subordinate Lien Obligations of such series which mature after said future date, but does not include any amount payable by the City by reason only of the maturity of a Subordinate Lien Obligation.

**“State”** means the State of Illinois.

**“Subordinate Lien Debt Service Requirement”** means, for any Fiscal Year, the principal of and interest on Subordinate Lien Obligations required to be paid in that Fiscal Year.

**“Subordinate Lien Debt Service Reserve Subaccount”** means the separate Subaccount of that name previously established by the City in the Subordinate Lien Obligations Account and described in Section 3.03(c).

**“Subordinate Lien Obligations”** means the Series 2000 Subordinate Lien Obligations, the Series 2008 Subordinate Lien Obligations, the Series 2010 Subordinate Lien Obligations, the Series 2012 Subordinate Lien Obligations and all Subordinate Lien Parity Obligations.

**“Subordinate Lien Obligation Ordinances”** means Part D and to the extent applicable, Parts A and E of the Series 2000 Bond Ordinance, the Series 2008 Ordinance, the Series 2010 Ordinance, the Series 2012 Ordinance and ordinances of the City authorizing the issuance of Subordinate Lien Parity Obligations.

**“Subordinate Lien Obligation Revenues”** means all sums, amounts, funds or moneys which are deposited to the Subordinate Lien Obligations Account.

**“Subordinate Lien Obligations Account”** means the separate account of that name previously established in the Water Fund and described in Section 3.03(c).

**“Subordinate Lien Parity Obligations”** means obligations issued in the future which are payable from Subordinate Lien Obligation Revenues on an equal and ratable basis with all other Outstanding Subordinate Lien Obligations.

**“Subordinate Lien Principal and Interest Subaccount”** means the separate Subaccount of that name previously established by the City in the Subordinate Lien Obligations Account and described in Section 3.03(c).

**“Supplemental Indenture”** means any indenture modifying, altering, amending, supplementing or confirming this Indenture duly entered into in accordance with the terms of this Indenture.

**“Treasurer”** means the Treasurer of the City.

**“Treasury Department”** means the United States Department of the Treasury.

**“Trustee”** means The Bank of New York Mellon Trust Company, N.A., as successor to American National Bank and Trust Company of Chicago, as Trustee under this Indenture, and its successors and assigns.

**“Variable Rate Bonds”** means any Second Lien Bonds the interest rate on which is not established at the time of their issuance at a single numerical rate for the entire term of such Second Lien Bonds.

**“Water Fund”** means the separate fund designated the “Water Fund of the Municipality of Chicago” previously established by the City and described in Section 3.03.

**“Water Rate Stabilization Account”** means the separate account of that name previously established by the City in the Water Fund and described in Section 3.03(f).

“**Water System**” means all property, real, personal or otherwise, owned or to be owned by the City or under the control of the City and used for water supply, distribution or collection purposes, including the Projects, any and all further extensions, improvements and additions to the foregoing.

“**Water System Line of Credit Notes**” means the Water System Line of Credit Notes defined in and authorized by the Series 2012 Ordinance.

**Section 1.02 Interpretation.** This Indenture, except when the context by clear implication shall otherwise require, shall be construed and applied as follows:

(a) all words and terms importing the singular number shall where the context requires, import the plural number and vice versa;

(b) pronouns include both singular and plural and cover all genders;

(c) any percentage of Second Lien Bonds, for the purposes of this Indenture, shall be computed on the basis of the Second Lien Bonds Outstanding at the time the computation is made or is required to be made under this Indenture;

(d) headings of sections in this Indenture are solely for convenience of reference and do not constitute a part of this Indenture and shall not affect the meaning, construction or effect of this Indenture;

(e) unless expressly indicated otherwise, references to Articles or Sections shall be construed as references to Articles or Sections of this Indenture as originally executed;

(f) words importing the redemption or redeeming of a Second Lien Bond or the calling of a Second Lien Bond for redemption do not include or connote the payment of such Second Lien Bond at its stated maturity or the purchase of such Second Lien Bond;

(g) any percentage of Second Lien Bonds, for purposes of this Indenture, shall be computed on the basis of the unpaid principal amount of Second Lien Bonds Outstanding at the time the computation is made or is required to be made under this Indenture;

(h) in determining the Owners of the requisite percentage of Owners of Second Lien Bonds for purposes of any consent, approval or waiver under this Indenture, Section 2.09 Obligations shall be disregarded;

(i) the term “principal” when used in connection with a Capital Appreciation Obligation shall mean as of a particular date, the Compound Accreted Value;

(j) any headings preceding the text of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies of this Indenture, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(k) Articles and Sections mentioned by number only are the respective Articles and Sections of this Indenture so numbered.

**Section 1.03 Tender Option Second Lien Bonds.** The City may issue Second Lien Bonds subject to tender at the option of the Owner if the payment of the purchase price of tendered Second Lien Bonds is to be provided pursuant to a letter of credit or standby liquidity agreement with a bank or liquidity provider with obligations rated in one of the three highest short-term rating categories assigned by any Rating Agency.

**Section 1.04 Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Indenture on the part of the City or the Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements of this Indenture and shall in no way affect the validity of the other provisions of this Indenture or of the Second Lien Bonds.

**Section 1.05 Successors and Assigns.** Whenever in this Indenture the City is named or referred to, it shall and shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the City contained in this Indenture shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the City, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Indenture.

**Section 1.06 Parties Interested In this Indenture.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the City, the Trustee, the Owners of the Second Lien Bonds, and any Bond Insurer, any Letter of Credit Provider, any Hedge Counterparty any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee, any Bond Insurer, any Letter of Credit Provider, any Hedge Counterparty and the Owners of the Second Lien Bonds.

## ARTICLE II

### THE AUTHORIZATION AND ISSUANCE OF SECOND LIEN BONDS

**Section 2.01 Authorization for Indenture.** This Indenture is executed and delivered by the City by virtue of and pursuant to the home rule powers of the City. The City has ascertained and hereby determines and declares that the execution and delivery of this Indenture is necessary to meet the needs of the City's inhabitants and other users of the Water System and for fire protection, that each and every act, matter, thing or course of conduct as to which provision is made in this Indenture is necessary or convenient to carry out and effectuate such purposes of the City and to carry out its powers and is in furtherance of the public benefit, safety and welfare of the City and that each and every covenant or agreement contained in this Indenture and made is necessary, useful or convenient in order better to secure the Second Lien Bonds and are contracts or agreements necessary, useful and convenient to carry out and effectuate the corporate purposes of the City.

**Section 2.02 Indenture to Constitute Contract.** In consideration of the purchase and acceptance of Second Lien Bonds by those who shall hold the same from time to time, the provisions of this Indenture and any Supplemental Indenture shall be a part of the contract of the City with the owners of Second Lien Bonds and shall be deemed to be and shall constitute a contract between the City, the Trustee and the owners from time to time of the Second Lien Bonds.

**Section 2.03 Authorization of Second Lien Bonds.** In order to provide sufficient funds for the financing or refinancing of Project Costs, Second Lien Bonds are authorized to be issued from time to time in one or more series as provided below, without limitation as to amount except as may be limited by law, for the purpose of (a) the payment, or the reimbursement, for the payment of, Project Costs, (b) the refunding of any Bonds or other obligations issued to finance Project Costs, including, but not limited to, the refunding of any Second Lien Bonds, or (c) the funding of any fund or account set forth in the related Second Lien Bond Ordinance or any fund or account as specified in this Indenture or the Supplemental Indenture under which any Second Lien Bonds are issued; including, in each case, payment of Costs of Issuance. Second Lien Bonds consisting of Section 2.08 Obligations and Section 2.09 Obligations are also hereby authorized to be incurred from time to time as provided for in Section 2.08 and Section 2.09, respectively, for the purposes set forth in those Sections.

**Section 2.04 Source of Payment; Pledge of Net Revenues and Other Moneys; Prohibition on Issuance of Additional Senior Lien Bonds.** The Second Lien Bonds are legal, valid and binding limited obligations of the City having a claim for payment of principal, redemption premium and interest solely from Net Revenues and the moneys and securities held by the City in the Second Lien Bonds Account, the Second Lien Bonds Construction Accounts, the Water Rate Stabilization Account and the Residual Account, and by the Trustee under the provisions of this Indenture and any Supplemental Indenture and, together with any other Second Lien Bonds Outstanding, from Net Revenues and from amounts in the Second Lien Bonds Account, the Second Lien Bonds Construction Accounts, the Water Rate Stabilization Account and the Residual Account. The Second Lien Bonds and the interest on them do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation as to indebtedness and shall have no claim to be paid from taxes of the City. A pledge of the Trust Estate, to the extent set forth in the Granting Clauses of this Indenture, and of all moneys and securities held or set aside or to be held or set aside by the Trustee under this Indenture or any Supplemental Indenture is made, and such moneys and securities are pledged, to secure the payment of the principal and Redemption Price of, and interest on, the Second Lien Bonds and the payment of all amounts constituting Section 2.08 Obligations and Section 2.09 Obligations, subject only to the provisions of this Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation of such moneys and securities for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under this Indenture or such Supplemental Indenture. This pledge, assignment and grant of a lien and security interest is valid and binding from and after the date of issuance of any Second Lien Bonds under this Indenture without any further physical delivery or further act; and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice of such pledge, assignment and lien. As of the Effective Date, no Senior Lien Bonds are Outstanding. The City covenants that it shall not issue (i) any additional Senior Lien Bonds pursuant to any authorization under any Senior Lien Bond Ordinances or any other authorizing ordinance adopted or to be adopted by the City Council or otherwise or (ii) any

other indebtedness with a lien or security interest on the Trust Estate senior to that of the Second Lien Bonds pursuant to any authorization under any authorizing ordinance adopted or to be adopted by the City Council or otherwise.

**Section 2.05 Issuance of Second Lien Bonds; Supplemental Indentures.** Each series of Second Lien Bonds shall be created by a Supplemental Indenture which shall prescribe expressly or by reference with respect to such series:

- (a) the authorized principal amount and series designation of such Second Lien Bonds;
- (b) the purpose or purposes for which such series is being issued;
- (c) the manner in which the proceeds of the Second Lien Bonds of such series are to be applied;
- (d) the date or dates, and the maturity date or dates, of the Second Lien Bonds of such series, or the manner of determining such dates;
- (e) the interest rate or rates to be borne by the Second Lien Bonds of such series or the manner of determining such rate or rates, and the interest payment dates of such series;
- (f) the manner of dating, numbering and lettering the Second Lien Bonds of such series;
- (g) the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Second Lien Bonds of such series or the manner of designating the same;
- (h) the Redemption Price or Prices, if any, of, and the redemption terms for the Second Lien Bonds of such series, or the manner of determining such Redemption Price or Prices and terms;
- (i) the amount and due date of each Sinking Fund Payment, if any, for Second Lien Bonds of like maturity of such series, or the manner of determining such amounts and dates;
- (j) provisions as to registration of the Second Lien Bonds of such series;
- (k) the form and text of the Second Lien Bonds of such series and provision for the
- (l) Trustee's authentication of such Second Lien Bonds by certificate or otherwise; and
- (m) any other provisions deemed advisable by the City as shall not conflict with the provisions of this Indenture.

**Section 2.06 Conditions Precedent to Delivery of any Series.** Second Lien Bonds of any series shall be executed by the City and delivered to the Trustee and upon such execution and delivery shall be authenticated by the Trustee and delivered to the City or upon its order, but only following the receipt by the Trustee of:



(a) a copy of an ordinance adopted by the City Council, certified by the City Clerk, authorizing the execution and delivery of the Supplemental Indenture referred to in Section 2.05;

(b) a Counsel's Opinion or Opinions to the effect that (i) the City had the right and power to adopt the ordinance referred to in (a) above; the ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and is enforceable in accordance with its terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iii) this indenture and such Supplemental Indenture have been duly and lawfully authorized by all necessary action on the part of the City, have been duly and lawfully executed by authorized officers of the City, are in full force and effect and are valid and binding upon the City and enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event that equitable remedies are sought); (iv) the Ordinance, this Indenture and such Supplemental Indenture create the valid pledge of Second Lien. Revenues, moneys and securities which they purport to create; (v) upon their execution, authentication and delivery, the Second Lien Bonds of such series will have been duly and validly authorized and issued in accordance with the Constitution and laws of the State of Illinois, ordinances of the City, including, without limitation, the applicable Second Lien Bond Ordinance, this Indenture and such Supplemental Indenture; and (vi) any required approval for the issuance of the Second Lien Bonds has been obtained;

(c) a written order as to the delivery of such series, executed by an Authorized Officer (i) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such series and that no Event of Default has occurred and is continuing under this Indenture and (ii) fixing and determining all terms and provisions of the Second Lien Bonds of such series not fixed or determined by this Indenture or the Supplemental Indenture referred to in Section 2.05;

(d) an executed counterpart of the Supplemental Indenture referred to in Section 2.05;

(e) A Certificate of the Chief Financial Officer evidencing compliance with the rate covenant set forth in Section 4.05 and (other than with respect to the initial series of Second Lien Bonds), the additional Second Lien Bonds test set forth in Section 4.06 and

(f) such further documents and moneys as are required by the provisions of Article IV. or any Supplemental Indenture.

**Section 2.07 Conditions Precedent to Delivery of any Series of Refunding Obligations.** All Refunding Obligations of any series shall be executed by the City and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the City or upon its order, but only following the receipt by the Trustee of:

(a) The documents referred to in Section 2.06; *provided* however, that if Section 4.06(b)(ii) applies to the Refunding Obligations, the document referred to in Section 2.06(e) shall not be required;

(b) if a redemption of Second Lien Bonds is to be effected, irrevocable instructions to the Trustee to give due notice of redemption of all the Second Lien Bonds to be refunded and the redemption date or dates, if any, upon which such Second Lien Bonds are to be redeemed;

(c) if a redemption of Second Lien Bonds is to be effected and the redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to publish as provided in the applicable Supplemental Indenture notice of redemption of such Second Lien Bonds on a specified date prior to their redemption date;

(d) a certificate of an independent certified public accountant stating the amount of either (i) moneys (which may include all or a portion of such series) in an amount sufficient to pay the Second Lien Bonds to be refunded at the applicable Redemption Price of the Second Lien Bonds to be refunded together with accrued interest on such Second Lien Bonds to the redemption date or dates, or (ii) Governmental Obligations the principal of, and interest on, which when due (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Second Lien Bonds to be issued), if any, which must be contemporaneously deposited with the Trustee, to be sufficient to pay when due the applicable Redemption Price of the Second Lien Bonds to be refunded, together with accrued interest on such Second Lien Bonds to the redemption date or dates or the date or dates of maturity of such Second Lien Bonds; and

(e) such further documents and moneys as are required by the provisions of Article V or any Supplemental Indenture.

**Section 2.08 Letters of Credit and Other Credit.** Enhancement Securing Second Lien Bonds. The City reserves the right to provide one or more irrevocable letters of credit, lines of credit, standby purchase agreements, financial guaranty insurance policies or surety bonds (including Qualified Reserve Account Instruments as defined in Section 4.14), or a combination of the foregoing to secure the payment of the principal of, premium, if any, and interest on one or more series of Second Lien Bonds, or in the event owners of such Second Lien Bonds have the right to require tender or purchase of such Second Lien Bonds, to secure the payment of the tender or purchase price of such Second Lien Bonds upon the demand of their owners. In connection with any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond the City may execute and deliver an agreement setting forth the conditions upon which drawings or advances may be made under such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond and the method by which the City will reimburse the issuer of such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond for such drawings together with interest on such drawings at such rate or rates as provided in such instrument and otherwise make payments of fees and other obligations as may be agreed upon by the City and the issuer of such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond. Any such obligation of the City to reimburse or otherwise -make payments of fees and other obligations to the issuer of such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy, or surety bond shall constitute a Second Lien Bond under this Indenture to the same extent as any series-of Second Lien Bonds issued pursuant to a Supplemental Indenture, and any and all amounts payable by the City to reimburse and otherwise make payments of fees and other obligations to the issuer of any such letter of credit, line of credit, standby purchase agreement, financial guaranty insurance policy or surety bond, together with

interest on such amounts, as well as amounts paid for fees or other obligations, shall for purposes of this Indenture be deemed to constitute the payment of principal of, premium, if any, and interest on Second Lien Bonds.

**Section 2.09 Hedging Transactions.**

(a) Subject to Section 2.9(d), if the City shall enter into an Interest Rate Hedge Agreement with a Hedge Counterparty requiring the City to pay a fixed interest rate on a notional amount, or requiring the City to pay a variable interest rate on a notional amount, and the City has made a determination that such Interest Rate Hedge Agreement was entered into for the purpose of providing substitute interest payments for Second Lien Bonds of a particular maturity or maturities in a principal amount equal to the notional amount of the Interest Rate Hedge Agreement and so long as the Hedge Counterparty under such Interest Rate Hedge Agreement is not in default under such Interest Rate Hedge Agreement:

- i. for purposes of any calculation of Annual Second Lien Debt Service, the interest rate on the Second Lien Bonds of such maturity or maturities shall be determined as if such Second Lien Bonds bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the City under such Interest Rate Hedge Agreement;
- ii. any net payments required to be made by the City to the Hedge Counterparty pursuant to such Interest Rate Hedge Agreement from Net Revenues shall be deemed payments on Second Lien Bonds, and be made on a parity with payments due on other Second Lien Bonds; and
- iii. any net payments received by the City from the Hedge Counterparty pursuant to such Interest Rate Hedge Agreement shall be applied in the Second Lien Bonds Account.

(b) If the City shall enter into an agreement of the type generally described in subsection (a) of this Section 2.09 that does not satisfy the requirements for qualification as a Interest Rate Hedge Agreement as a result of its failure to make the determination described therein or otherwise, then:

- i. the interest rate adjustment or assumptions referred to in paragraph (i) of said subsection (a) shall not be made;
- ii. any net payments required to be made by the City to the Hedge Counterparty pursuant to such swap agreement from Gross Revenues shall be made only from amounts available after the payment of all Second Lien Bonds; and
- iii. any net payments received by the City from the Hedge Counterparty pursuant to such swap agreement may be treated as Gross Revenues at the option of the City and applied as directed by the City.

(c) Termination payments made with respect to an agreement described in paragraphs (a) and (b) of this Section 2.09 shall be subordinate to payments then due on Second Lien Bonds.

(d) The City may enter into an Interest Rate Hedge Agreement pursuant to Section 2.9(a) only if (i) each Rating Agency then rating or proposing to rate Second Lien Bonds (if such Rating Agency also rates the unsecured obligations of the Hedge Counterparty or its guarantor) has assigned to the unsecured obligations of the Hedge Counterparty or of the person who guarantees the obligation of the Hedge Counterparty to make its payments to the City, as of the date the Interest Rate Hedge Agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Second Lien Bonds by such Rating Agency (without regard to Credit Enhancement Instruments), and (ii) the City has notified each Rating Agency then rating or proposing to rate Second Lien Bonds (whether or not such Rating Agency also rates the unsecured obligations of the Hedge Counterparty or its guarantor) in writing, at least 15 days prior to executing and delivering the Interest Rate Hedge Agreement of its intention to enter into the Interest Rate Hedge Agreement and has received from such Rating Agency a written indication that the entering into of the Interest Rate Hedge Agreement by the City will not in and of itself cause a reduction or withdrawal by such Rating Agency of its unenhanced rating on the Second Lien Bonds.

**Section 2.10 Application of Proceeds of Second Lien Bonds.** The proceeds, including accrued interest, of any series shall be deposited with the City or the Trustee and shall be applied by the City or the Trustee in the manner required by the Supplemental Indenture creating such series.

### ARTICLE III

#### REVENUES AND FUNDS

##### **Section 3.01 City Funds and Accounts; Second Lien Bonds Construction Accounts.**

(a) The City agrees to establish and maintain the Second Lien Bonds Construction Accounts for the purpose of paying Project Costs. The City shall also establish and maintain such other funds and accounts as the City is required to establish and maintain or deems necessary or advisable to establish and maintain with respect to the Water System, which in any event shall include the Water Fund and the accounts established therein. The Trustee shall not be responsible for the administration of the foregoing funds and accounts established and maintained by the City.

(b) All moneys and securities held by the City in any fund or account established for or with respect to the Water System shall be accounted for and held separate and apart from all other moneys and securities of the City, and, until so applied, used and withdrawn, shall be held in trust by the City for the purposes for which such fund or account was established.

(c) If Project Bonds are issued by the City, the City agrees to establish a Second Lien Bonds Construction Account in the Water Fund designated the "Construction Account: [Year of Series Designation] Second Lien Bonds;" provided that the name of the Second Lien Bonds Construction Account may reflect the first year in which any such series of Project Bonds are issued. The City may establish one or more subaccounts within such Second Lien Bonds Construction Account if more than one series of Project Bonds is issued, in which event references to such Second Lien Bonds Construction Account shall be deemed, when appropriate, to be references to the appropriate subaccount of such Second Lien Bonds Construction Account. No

lien on or security interest in any Second Lien Bonds Construction Account is granted to the Registered Owners of Subordinate Lien Obligations, CP Notes, or Water System Line of Credit Notes.

(d) The proceeds of sale of a series of Project Bonds remaining after the deposits required by the corresponding Supplemental Indenture have been made shall be deposited to the credit of the applicable Second Lien Bonds Construction Account. Such Second Lien Bonds Construction Account shall be maintained with a separate account in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. Funds in such Second Lien Bonds Construction Account shall be invested by the depository at the direction of the Chief Financial Officer in Permitted Investments, provided that such investments shall be scheduled to mature before needed to pay Project Costs, including Costs of Issuance. All interest received on or profits derived from such investments shall remain in such Second Lien Bonds Construction Account until disbursed as provided in paragraph (e) below.

(e) Disbursements shall be made from each Second Lien Bonds Construction Account from time to time for the purpose of paying Project Costs for the Project being financed by the related series of Second Lien Bonds, including Costs of Issuance for such Second Lien Bonds. The money received from the sale of such Second Lien Bonds and set aside in such Second Lien Bonds Construction Account shall be used to provide funds for all or any part of the related Project being financed. The Projects for which disbursements may be made from a Second Lien Bonds Construction Account may be amended by the Chief Financial Officer or the Budget Director of the City to provide for the efficient operation of the Water System.

(f) Within 60 days after completion of a Project and the payment of all Project Costs, any funds remaining in the Second Lien Bonds Construction Account for the related series of Second Lien Bonds shall be transmitted by the depository for said Second Lien Bonds Construction Account to the Trustee for deposit in the corresponding Debt Service Reserve Account, if any, or if such account is fully funded, to the corresponding subaccount of the Second Lien Bonds for such Second Lien Bonds, provided that no such transfers shall be made to such Debt Service Reserve Account if (a) the sum of (i) the proceeds of such Second Lien Bonds previously deposited in such Debt Service Reserve Account other than from such Second Lien Bonds Construction Account and (ii) the total amount of funds previously transferred and to be transferred from such Second Lien Bonds to Construction Account to such Debt Service Reserve Account exceeds (b) 10 percent of the proceeds of such Second Lien Bonds.

**Section 3.02 Water Fund.** There has been created and there exists, and the City has agreed to maintain, a separate fund of the City designated the Water Fund into which the Gross Revenues of the Water System are and shall be deposited as collected. The Water Fund shall continue as a separate fund of the City. The Water Fund shall constitute a trust fund and, not in limitation of the lien and security interest granted under this Indenture, has been irrevocably pledged to the owners of the Senior Lien Bonds (but solely with respect to amounts on deposit in the Senior Lien Rebate Accounts), Second Lien Bonds (but not with respect to amounts on deposit in the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account), Subordinate Lien Obligations (but solely with respect to amounts on deposit in the Subordinate Lien Obligations Account), CP Notes (but solely with respect to amounts on deposit in the Commercial Paper Account) and Water System Line of Credit Notes (but solely with respect to

amounts on deposit in the Line of Credit Notes Account) from time to time Outstanding for the sole purpose of carrying out the covenants, terms and conditions of this Indenture.

The Water Fund shall be used only as provided in this Indenture for first, (a) paying Operation and Maintenance Costs and then, (b) establishing and maintaining (for the purposes specified in this Indenture) the Accounts in the Water Fund described in Section 3.03 of this Indenture and all other reserve funds or accounts which are required to be established and maintained in the this Indenture or the ordinances authorizing the issuance of Second Lien Bonds, Subordinate Lien Obligations, Commercial Paper Notes and Water System Line of Credit Notes; provided that any funds available after these requirements have been satisfied or which are not necessary to satisfy these requirements may be used for any lawful purpose of the Water System.

**Section 3.03 Application of Net Revenues.** There have been created, there exists and the City has agreed to maintain in the Water Fund, the following separate accounts: the Water Rate Stabilization Account, the Residual Account and the Senior Lien Rebate Accounts. There have also been created and the City has agreed to maintain in the Water Fund, (i) the Second Lien Bonds Account and its various Subaccounts for each series of Second Lien Bonds, (ii) the Subordinate Lien Obligations Account and its various Subaccounts for each series of Subordinate Lien Obligations, (iii) the Commercial Paper Account and its various Subaccounts and (iv) the Line of Credit Notes Account and its various Subaccounts. The Net Revenues shall be transferred, without any further official action or direction, to the Senior Lien Rebate Accounts, the Second Lien Bonds Account, the Subordinate Lien Obligations Account, the Commercial Paper Account, the Line of Credit Notes Account, the Water Rate Stabilization Account and the Residual Account in the order in which those accounts are listed below, for use in accordance with the provisions of paragraphs (a), (b), (c), (d), (e), (f) and (g) of this Section 3.03.

(a) Senior Lien Rebate Accounts. There shall be transferred from the Water Fund from Net Revenues and deposited to the credit of the various Senior Lien Rebate Accounts the amounts as shall be required to be held available for rebate to the United States of America with respect to each series of Senior Lien Bonds as required by the applicable provisions of the authorizing ordinances for such series of Senior Lien Bonds. Each such Senior Lien Rebate Account shall be maintained in a separate bank account in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. The amount to be held available shall be determined from time to time by the City pursuant to the ordinances authorizing the various series of Senior Lien Bonds.

Amounts in such Senior Lien Rebate Accounts shall be used at the direction of the City to make rebate payments to the United States of America and to the extent not needed for such purpose shall be transferred to the Water Fund.

(b) Second Lien Bonds Account. The Trustee shall, at the written request of the City, establish such additional subaccounts within the Second Lien Bonds Account, and accounts and subaccounts within any such subaccounts, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Second Lien Bonds Account or such sub-funds. There shall be established by the Supplemental Indenture authorizing the issuance of any series of Second Lien Parity Bonds a Subaccount in the Second Lien Bonds Account with respect to such Second Lien Parity Bonds; provided that the

name of the Subaccount shall reflect the actual designation of such series of Second Lien Parity Bonds, as well as any additional accounts, subaccounts and sub-subaccounts within such Subaccount specified by such Supplemental Indenture; and such Supplemental Indenture may provide that amounts on deposit in such accounts, subaccounts and sub-subaccounts shall be held by the Trustee for the sole and exclusive benefit of such series of Second Lien Parity Bonds and any related Section 2.08 Obligations or Section 2.09 Obligations as may be specifically designated in such Supplemental Indenture. There shall be transferred from the Water Fund from Net Revenues to the Second Lien Bonds Account and to each Subaccount in the Second Lien Bonds Account such amounts on such dates as are required to be so transferred by the Supplemental Indenture authorizing the series of Second Lien Parity Bonds corresponding to such Subaccount, without priority of one Subaccount over any other Subaccount, and the amounts so transferred shall be credited to the accounts, subaccounts and sub-subaccounts within such Subaccount as provided in such Supplemental Indenture, and such amounts shall be used to pay the principal of and interest on such series of Second Lien Parity Bonds and any related Section 2.08 Obligations or Section 2.09 Obligations and for such other purposes as provided in such Supplemental Indenture.

(c) Subordinate Lien Obligations Account. There have been established and there shall exist and be maintained in the Subordinate Lien Obligations Account the following separate and segregated Subaccounts: the Subordinate Lien Principal and Interest Subaccount and the Subordinate Lien Debt Service Reserve Subaccount. There may be established by any ordinances or Supplemental Indentures authorizing the issuance of any series of Subordinate Lien Parity Obligations one or more Sub-subaccounts in the Subordinate Lien Principal and Interest Subaccount and Subordinate Lien Debt Service Reserve Subaccount with respect to such Subordinate Lien Parity Obligations. On the business day immediately preceding each May 1 and November 1, there shall be transferred from the Water Fund from Net Revenues to the Subordinate Lien Obligations Account, the amount required by the Supplemental Indenture authorizing the issuance of Subordinate Lien Obligations to be deposited in the Subordinate Lien Obligations Account on such date without priority, one over the other, to any Subaccounts within the Subordinate Lien Obligations Account, the amount to be so deposited specified in a certificate of the Chief Financial Officer. The moneys in the various Subaccounts of the Subordinate Lien Obligations Account and Sub-subaccounts described in this paragraph (e) shall be used to pay such amounts as may be required to be paid by the ordinances and Supplemental Indentures authorizing Subordinate Lien Parity Obligations

(d) Commercial Paper Account. There has been established and there shall exist and be maintained in the Water Fund a separate and segregated Commercial Paper Account. There may be established by any ordinances or Supplemental Indentures authorizing the issuance of any CP Notes one or more other Subaccounts in the Commercial Paper Account with respect to such CP Notes. There shall be transferred from the Water Fund from Net Revenues to the Commercial Paper Account and to the Subaccounts in the Commercial Paper Account such amounts on such dates as are required to be so transferred by the Supplemental Indenture pursuant to which the CP Notes are issued. The moneys in the various Subaccounts of the Commercial Paper Account shall be transferred by the Chief Financial Officer on the date so deposited in such various Subaccounts to the appropriate paying agents or trustees for the related CP Notes for the purpose of paying such amounts as may be required to be paid by the ordinances and Supplemental Indentures authorizing such CP Notes.

(e) Line of Credit Notes Account. There has been established and there shall exist and be maintained in the Water Fund a separate and segregated Line of Credit Notes Account. There may be established by any ordinances or related Water System Line of Credit Agreements authorizing the issuance of any Water System Line of Credit Notes one or more other Subaccounts in the Line of Credit Notes Account with respect to such Water System Line of Credit Notes. There shall be transferred from the Water Fund from Net Revenues to the Line of Credit Notes Account and to the Subaccounts in the Line of Credit Notes Account such amounts on such dates as are required to be so transferred by the Water System Line of Credit Agreements pursuant to which the Water System Line of Credit Notes are issued. The moneys in the various Subaccounts of the Line of Credit Notes Account shall be transferred by the Chief Financial Officer on the date so deposited in such various Subaccounts to the appropriate owners of or paying agents or trustees for the related Water System Line of Credit Notes for the purpose of paying such amounts as may be required to be paid by the ordinances and related Water System Line of Credit Agreements authorizing such Water System Line of Credit Notes.

(f) Water Rate Stabilization Account. On the Business Day immediately preceding each November 2 there shall be transferred from the Water Fund from Net Revenues and deposited to the credit of the Water Rate Stabilization Account such amount as shall be required for the balance in the Water Rate Stabilization Account to equal at least ninety (90) Days' Cash On Hand. The Water Rate Stabilization Account shall be maintained in a separate bank account in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. At any time in any year the City may withdraw any amounts from the Water Rate Stabilization Account and use those amounts for (i) paying any expenses or obligations of the Water System, including, without limitation, any Operation and Maintenance Costs, (ii) making deposits when due in the Second Lien Bonds Account, (iii) making deposits when due in the Subordinate Lien Obligations Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bonds Account), (iv) making deposits when due in the Commercial Paper Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts or the Subordinate Lien Obligations Account), (v) making deposits when due in the Line of Credit Notes Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts, in the Subordinate Lien Obligations Account or in the Commercial Paper Account), (vi) any cost of repairs, replacements, renewals, improvements, equipment or extensions to the Water System or (vii) any other cost or expense relating to the Water System or the financing or refinancing of the Water System. For purposes of complying with Sections 4.05 and 4.06(a), the Chief Financial Officer may allocate from the Water Rate Stabilization Account to Net Revenues Available for Bonds, the amount determined by the Chief Financial Officer to be allocated for the applicable Fiscal Year.

(g) Residual Account. There shall be transferred from the Water Fund from Net Revenues and deposited to the credit of the Residual Account such amounts as are not otherwise required for the purposes specified in paragraphs (a) through (f) of this Section 3.03 or by Section 3.04. The Residual Account shall be maintained in a bank or banks designated by the Chief Financial Officer pursuant to a depository agreement. In any year the City may withdraw any amounts from the Residual Account and use those amounts for (i) paying any expenses or obligations of the Water System, including, without limitation, any Operation and Maintenance Costs, (ii) making deposits when due in the Second Lien Bonds Account, (iii) making deposits when due in the Subordinate Lien Obligations Account (but only if and to the extent no amounts



are required to be deposited in the Second Lien Bonds Account), (iv) making deposits when due in the Commercial Paper Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts or the Subordinate Lien Obligations Account), (v) making deposits when due in the Line of Credit Notes Account (but only if and to the extent no amounts are required to be deposited in the Second Lien Bond Accounts, in the Subordinate Lien Obligations Account or in the Commercial Paper Account), (vi) any cost of repairs, replacements, renewals, improvements, equipment or extensions to the Water System or (vii) any other cost or expense relating to the Water System or the financing or refinancing of the Water System. For purposes of complying with Sections 4.05 and 4.06(a), the Chief Financial Officer may allocate from the Residual Account to Net Revenues Available for Bonds, the amount determined by the Chief Financial Officer to be allocated for the applicable Fiscal Year.

**Section 3.04 Deficiencies, Excess.** In the event of a deficiency in any Fiscal Year in any Senior Lien Rebate Account, the Second Lien Bonds Account, or the Subordinate Lien Obligations Account, the Commercial Paper Account, the Line of Credit Notes Account or the Water Rate Stabilization Account, the amount of such deficiency shall be transferred from the Residual Account and deposited into such Account or Subaccount.

Whenever the balance in any Subaccount of any Senior Lien Rebate Account exceeds the amount required to be on deposit in that Account or Subaccount, such excess may be transferred to the Water Fund, provided in each case that no such transfers shall be made when any debt service payments on outstanding obligations of the City that are payable by their terms from the revenues of the Water System are past due. Any funds which remain in the Water Fund at the end of any Fiscal Year shall be retained in the Residual Account of the Water Fund and shall be available for appropriation for any proper purpose of the Water System.

**Section 3.05 General Regulations as to Investments.** All moneys held in any fund or account established and created under this Indenture shall be invested in Permitted Investments upon the oral direction of an Authorized Officer, or his or her designated representative, promptly confirmed in writing. The Trustee is authorized to execute purchases and sales of Permitted Investments through the facilities of its own bond, trading or capital markets operations or those of any affiliated entity, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. The Trustee may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. The Trustee shall not be liable for losses on investments made in compliance with the provisions of this Indenture. In the absence of investment instructions from the City, the Trustee shall not be responsible for keeping the moneys held by it hereunder fully invested in Permitted Investments or for making such investments. Although the City recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the City agrees that confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement for such account is rendered.

(a) Permitted Investments purchased as an investment of moneys in any fund or account established and created under this Indenture, together with the income derived therefrom, shall be deemed at all times to be a part of such fund or account. Permitted Investments so purchased shall be sold at the best price reasonably obtainable whenever it shall be necessary so

to do in order to provide moneys to make any withdrawal or payment from such fund or account. For the purposes of any such investment, a Permitted Investment shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such Permitted Investment. Permitted Investments in which moneys held in any fund or account have been invested shall mature not later than the respective dates as estimated by the City or the Trustee based on information provided by the City, when the moneys held for the credit of any fund or account will be needed.

(b) In computing the amount in any fund or account, obligations maturing within the one year period next succeeding the date of computation shall be valued at amortized value, and obligations maturing more than one year following the date of computation shall be valued at the lower of amortized value or market value; provided that investment agreements described in clause (h) of the definition of "Permitted Investments" shall be valued at amortized value.

(c) For purposes of this Indenture amortized value means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium or adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation shall be made on each April 15 and October 15, or if such day is not a business day of the Trustee then on the business day of the Trustee immediately preceding such April 15 or October 15, and at any other time required under this Indenture or under any Supplemental Indenture, and on any particular date shall not include the amount of interest then earned or accrued to such date on any deposit or investment.

## ARTICLE IV

### GENERAL COVENANTS OF CITY

**Section 4.01 Equality of Security.** All Second Lien Bonds (including, without limitation, Section 2.08 Obligations), regardless of series, date of issuance or incurrence and date of sale, shall be secured by the pledge, security interest and lien contained in the Granting Clauses and Section 2.04 and the security so pledged shall not be used for any other purpose except as expressly permitted by the terms of this Indenture, so long as any Second Lien Bonds (including, without limitation, Section 2.08 Obligations), remain Outstanding and unpaid.

**Section 4.02 Equality of Second Lien Bonds.** Except as otherwise specifically provided in Section 4.01, all Second Lien Bonds authorized under this Indenture or obligations incurred as provided in Section 2.08 and Section 2.09(a) shall be on a parity and rank equally without preference, priority or distinction over any other thereof as to security, regardless of the time or times of their issue, and the provisions, covenants and agreements set forth in this Indenture to be performed by and on behalf of the City shall be for the equal benefit, protection and security of the owners of any and all Second Lien Bonds and the holders of Section 2.08 Obligations and Section 2.09 Obligations, except as specifically provided in Section 2.09(c). The City covenants

that, except as otherwise provided in Section 4.06, it will not issue any obligations payable from the Net Revenues or any other moneys pledged in this Indenture, or voluntarily create or cause or permit to be created any debt, lien, pledge or assignment, having priority over or being on a parity with, the Second Lien Bonds.

**Section 4.03 Punctual Payment.** The City covenants that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on, all Second Lien Bonds, including, without limitation, Section 2.08 Obligations, in strict conformity with the terms of such Second Lien Bonds and of this Indenture, the Supplemental Indentures creating the Second Lien Bonds of each series and the instruments creating Section 2.08 Obligations or Section 2.09 Obligations except as specifically provided in Section 2.9(c), and that it will faithfully observe and perform all the conditions, covenants and requirements of this Indenture, each such Supplemental Indenture and instrument and of the Second Lien Bonds issued or incurred under such Supplemental Indenture.

**Section 4.04 Maintenance and Continued Operation of Water System.** The City will maintain the Water System in good repair and working order, will continuously operate it on a Fiscal Year basis, and will punctually perform all duties with respect to the Water System required by the Constitution and laws of the State.

So long as any Second Lien Bonds are Outstanding, the City will continue to operate the Water System as a revenue-producing system so as to produce Gross Revenues sufficient to satisfy the covenants of this Indenture.

**Section 4.05 Rate Covenant.** The City will establish, maintain and collect at all times fees, charges and rates for the use and service of the Water System sufficient at all times to (a) pay Operation and Maintenance Costs and (b) produce Net Revenues Available for Bonds sufficient to pay the principal (at maturity or pursuant to mandatory sinking fund redemption) of and applicable redemption premium and interest on all Bonds Outstanding from time to time, which Net Revenues Available for Bonds shall in each Fiscal Year at least equal the sum of (A) the Aggregate Second Lien Bonds Requirement for the Fiscal Year on all Second Lien Bonds Outstanding, plus (B) 110 percent of the Aggregate Subordinate Lien Debt Service for the Fiscal Year on all Subordinate Lien Obligations Outstanding, plus (C) the annual debt service requirement for the Fiscal Year on all Commercial Paper Notes Outstanding, plus (D) the annual debt service requirement for the Fiscal Year on all Water System Line of Credit Notes Outstanding. These fees, charges and rates shall not be reduced while any Second Lien Bonds are Outstanding, below the level necessary to ensure compliance with the covenants of this Section 4.05.

The City will, prior to the end of each Fiscal Year, conduct a review to determine if it has been and will be in compliance with the rate covenant set forth above. Whenever the annual review indicates that projected Gross Revenues will not be sufficient to comply with the rate covenant, the City shall prepare or have prepared a rate study for the Water System identifying the rate changes necessary to comply with the rate covenant and the Office of the Budget and Management of the City and the Chief Financial Officer shall recommend appropriate action to the City Council to comply with this rate covenant.

**Section 4.06 Issuance of Second Lien Parity Bonds.**

(a) As long as there are any Outstanding Second Lien Bonds, the City may issue Second Lien Parity Bonds for any lawful purpose of the Water System, including to refund Outstanding Second Lien Bonds, Subordinate Lien Obligations or obligations payable from revenues of the Water System on a basis subordinate to the Second Lien Bonds and Subordinate Lien Obligations, upon compliance with the following conditions:

- i. the funds required to be transferred to the Second Lien Bonds Account and its sub-funds, accounts and subaccounts shall have been transferred in full up to the date of delivery of such Second Lien Parity Bonds; and
- ii. (1) Net Revenues Available for Bonds for the last completed Fiscal Year prior to the issuance of the Second Lien Parity Bonds (as shown by the audit of an independent certified public accountant), or Net Revenues Available for Bonds for such last completed Fiscal Year, adjusted as described below, shall equal at least 100 percent of the sum of the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the proposed Second Lien Parity Bonds, computed on a pro forma basis assuming (w) the issuance of the proposed Second Lien Parity Bonds and the application of the proceeds of any Second Lien Parity Bonds as provided in the ordinance or trust indenture authorizing their issuance, sale and delivery and (x) any allocation of amounts in the Residual Account pursuant to Section 3.03(g) as shall be estimated by the Chief Financial Officer in the current or any future Fiscal Year. Net Revenues Available for Bonds may be adjusted as follows for purposes of this paragraph (ii):
  - A. if prior to the issuance of such Second Lien Parity Bonds, the City shall have enacted an increase in the rates of the Water System from the rates in effect for such last completed Fiscal Year, Net Revenues Available for Bonds may be adjusted to reflect the Net Revenues Available for Bonds for such last completed Fiscal Year as they would have been had the increased rates been in effect during all of that last completed Fiscal Year; and
  - B. if prior to the issuance of such Second Lien Parity Bonds the City shall have enacted an increase in the rates of the Water System scheduled to take effect in a future Fiscal Year, such rate increase may be reflected in Net Revenues Available for Bonds for purposes of calculating debt service coverage for such completed Fiscal Year;

Any such adjustment shall be evidenced by a certificate of the Chief Financial Officer.

(2) The conditions of paragraph (a)(ii)(1) shall be deemed to have been satisfied if Net Revenues Available for Bonds for the current or the next succeeding Fiscal Year (as estimated by the Chief Financial Officer), adjusted as described in paragraph (a)(ii)(1), shall equal at least 100 percent of the sum of the Aggregate Second Lien Bonds Requirement and the Aggregate Subordinate Lien Debt Service in each Fiscal Year following the issuance of the proposed Second Lien Parity Bonds, computed on a pro forma basis assuming (y) the issuance of the proposed Second Lien Parity Bonds and the

application of the proceeds of any Second Lien Parity Bonds as provided in the ordinance or trust indenture authorizing their issuance, sale and delivery and (z) any allocation of amounts in the Residual Account pursuant to Section 3.03(g) as shall be estimated by the Chief Financial Officer in the current or any future Fiscal Year. In estimating Net Revenues Available for Bonds for the next succeeding Fiscal Year, the City shall engage the services of and be guided by a consultant of national reputation for advising municipalities with respect to setting rates and charges for water systems.

(b) The City may issue Second Lien Parity Bonds without complying with the requirements of paragraph (a) of this Section 4.06:

- i. to pay, redeem or refund Bonds if in the judgment of the City there will be insufficient money available to make payments of interest on or principal of those Bonds (at maturity or on Sinking Fund Payments dates) as such amounts become due; or
- ii. to pay, redeem or refund any Bonds if (A) the sum of the Aggregate Second Lien Debt Service and the Aggregate Subordinate Lien Debt Service in each Fiscal Year in which there was to be any Aggregate Second Lien Debt Service or Aggregate Subordinate Lien Debt Service on Bonds after the issuance of the Second Lien Parity Bonds and the payment, redemption or refunding of such Bonds will not be in excess of (B) the sum of the Aggregate Second Lien Debt Service and Aggregate Subordinate Lien Debt Service prior to the issuance of the Second Lien Parity Bonds in each such Fiscal Year.

(c) Other obligations, including bonds, may be issued payable from Net Revenues on a basis subordinate to the Second Lien Bonds.

**Section 4.07 Against Pledge of Revenues.** The City shall not hereafter issue any bonds, notes, or other evidences of indebtedness secured by the pledge contained in Section 2.04, other than Second Lien Parity Bonds, and shall not create or cause to be created any lien or charge on Net Revenues, or on any amounts pledged for the benefit of owners of Second Lien Bonds under this Indenture, other than the pledge contained in the Granting Clauses hereof and Section 2.04, provided that neither this Section nor any other provision of this Indenture shall prevent the City from (a) issuing bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of; Net Revenues to be derived on and after such date as the pledge contained in Section 2.04 shall be discharged and satisfied as provided in Section 9.01, (b) issuing bonds, notes or other evidences of indebtedness which are payable out of, or secured by, the pledge of amounts which may be withdrawn from the Second Lien Bonds Account so long as such pledge is expressly junior and subordinate to the pledge contained in Section 2.04 or (c) issuing Subordinate Lien Obligations.

**Section 4.08 Repairs, Replacements, Additions, Betterments.** The City from time to time will make all necessary and proper repairs, replacements, additions and betterments to the Water System so that the Water System may at all times be operated efficiently, economically and properly. When any necessary equipment or facility shall have been worn out, destroyed or

otherwise is insufficient for proper use, it shall be promptly replaced so that the value and efficiency of the Water System shall be at all times fully maintained.

**Section 4.09 Control and Operation of Water System.** The City will establish such rules and regulations for the control and operation of the Water System as are necessary for the safe, lawful, efficient and economical operation of the Water System.

**Section 4.10 Indenture to Constitute Contract.** In consideration of the purchase and acceptance of the Second Lien Bonds of a series by the holders from time to time of such Second Lien Bonds, the provisions of this Indenture shall constitute a contract among the City, the Trustee and the holders from time to time of the Second Lien Bonds.

**Section 4.11 Performance of Covenants; Authority.** The City shall faithfully perform at all times to the extent applicable to the City any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Second Lien Bond executed, authenticated and delivered under this Indenture, and in all proceedings pertaining to this Indenture.

**Section 4.12 Arbitrage and Tax Exemption Covenants.**

(a) The City will not direct or permit any action which (or fail to take any action the failure of which) would cause any Second Lien Bond to be an "arbitrage bond" within the meaning of the Code.

(b) The covenants and agreements of the City set forth in this Section 4.12 shall apply as long as any of the Second Lien Bonds continue to bear interest (whether or not they are Outstanding Bonds within the meaning of this Indenture) and shall also apply after the Second Lien Bonds cease to bear interest but only within such subsequent period as shall be required for the City to comply with the covenants of this Section 4.12.

(c) The City (i) will take all actions that are necessary to be taken (and avoid taking any action that it is necessary to avoid being taken) so that interest on the Second Lien Bonds will not be or become subject to federal income taxation under present law, and (ii) will take all actions reasonably within its power to take that are necessary to be taken (and avoid taking any actions that are reasonably within its power to avoid taking and that it is necessary to avoid) so that interest on the Second Lien Bonds will not be or become includible in gross income for federal income tax purposes under the federal income tax laws as in effect from time to time.

(d) The City will, without limitation, (i) to the extent required by the Code, restrict the yield on investments of amounts received upon the sale of the Second Lien Bonds and other amounts, and (ii) timely rebate to the United States of America certain amounts that may be received as interest or other investment earnings on accounts of the Water Fund, all as shall be necessary to comply with this Section. The City shall also make or cause to be made identifiable investments of amounts allocable to the Second Lien Bonds as shall be necessary or appropriate to be able to ascertain the amounts that may be required so to be rebated to the United States of America. The City shall from time to time determine the amounts in accounts of the Water Fund that shall be subject so to be rebated and those amounts from time to time shall be held by the City in the Second Lien Rebate Account (which the City shall establish under this Indenture) and shall

be rebated to the United States of America in the amounts and at the times as required. Such amounts so subject from time to time so to be rebated shall not be available for the other purposes for which the Water Fund and its accounts and accounts and sub-accounts established by this Indenture may be applied, and, for purposes of computing the balance in the Water Fund and such various accounts shall be disregarded.

(e) The City will not take any of the following actions without in each such event obtaining the Opinion of Bond Counsel (which may represent the City from time to time in other matters) that such action will not contravene any covenant of this Indenture and will not make compliance with those covenants impossible: (i) defease any Second Lien Bonds; (ii) sell, lease or otherwise dispose of any material portion of the Water System; (iii) enter into or amend any short-term or long-term contract for water service by the City other than pursuant to general rates charged to the general public; or (iv) enter into or amend any contract or arrangement for persons other than its employees to manage the Water System.

(f) The provisions of this Section 4.12 shall not be interpreted to impose upon the City any obligation to redeem or to purchase any Second Lien Bonds other than with proceeds or other amounts available under this Indenture.

**Section 4.13 Registered Owner Remedy.** Any Registered Owner of a Second Lien Bond may proceed by civil action to compel performance of all duties required by this Indenture, including the establishment and collection of sufficient fees, charges and rates for services supplied by the Water System, and the application of Gross Revenues as provided by this Indenture.

**Section 4.14 Debt Service Reserve Accounts.** Any Supplemental Indenture pursuant to which a series of Second Lien Bonds is issued may establish a Debt Service Reserve Account and a Series Reserve Account Requirement with respect to such series of Second Lien Bonds. Such Supplemental Indenture may provide that the Series Reserve Account Requirement may be satisfied with (i) one or more Qualified Reserve Account Credit Instruments, (ii) Permitted Investments or (iii) a combination thereof. For purposes of this Section 4.14 the term “**Qualified Reserve Account Credit Instrument**” means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated “Aa” or “AA” or better by a Rating Agency as of its date of issuance. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments under it other than a certification of the Trustee that the funds drawn under it are to be used for purposes for which moneys in the Debt Service Reserve Account may be used.

**Section 4.15 Offices For Servicing Second Lien Bonds.** The City shall at all times maintain one or more agencies in the City of Dallas, Texas, where Second Lien Bonds of any series may be presented for payment, where Second Lien Bonds of any series may be presented for registration, registration of transfer or exchange to the extent and in the manner specified in the Supplemental Indenture creating such series and where notices, demands and other documents may be served upon the City in respect of the Second Lien Bonds of any series or of this Indenture. The City appoints the Trustee an agent for all such purposes.

## ARTICLE V

### SUPPLEMENTAL INDENTURES

**Section 5.01 Supplemental Indenture Effective Upon Execution by the Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, which, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk and the execution and delivery of such Supplemental Indenture by the City and the Trustee, shall be fully effective in accordance with its terms:

(a) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the issuance of Second Lien Bonds or other evidences of indebtedness;

(b) to add to the covenants and agreements of the City in this Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in this Indenture;

(e) to create a series of Second Lien Bonds and, in connection with such creation, to specify and determine the matters and things referred to in Article II and also any other matters and things relative to such Second Lien Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance of such Second Lien Bonds;

(f) to, confirm, as further assurance, the pledge under Section 2.04, and the subjection of, additional properties, Net Revenues or other collateral to any lien, claim or pledge created or to be created by, this Indenture; and

(g) to modify any of the provisions of this Indenture in any respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Second Lien Bonds Outstanding at the date of the execution and delivery of such Supplemental Indenture shall cease to be Outstanding.

### **Section 5.02 Supplemental Indentures Effective Upon Consent of Trustee.**

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council which, upon (i) the filing with the Trustee of a copy of such ordinance certified by the City Clerk, (ii) the filing with the Trustee and the City of an instrument in writing made by the Trustee consenting



thereto, and (iii) the execution and delivery of such Supplemental Indenture by the City and the Trustee, shall be fully effective in accordance with its terms:

1. to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or
2. to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect; or
3. to provide additional duties of the Trustee under this Indenture.

(b) Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 5.01, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in subsection (a) of this Section.

**Section 5.03 Supplemental Indentures Effective Upon Consent of Owners of Second Lien Bonds.** At any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, subject to consent by the owners of Second Lien Bonds in accordance with and subject to the provisions of Article VI which Supplemental Indenture, upon the filing with the Trustee of a copy of such ordinance certified by the City Clerk, upon compliance with the provisions of Article VI, and upon execution and delivery of such Supplemental Indenture by the City and the Trustee, shall become fully effective in accordance with its terms.

**Section 5.04 General Provisions.**

(a) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article VI. Nothing in this Article or Article VI contained shall affect or limit the right or obligation of the City to adopt,

(b) make, do, execute, acknowledge or deliver any ordinance, resolution, act or other instrument or the right, or obligation of the City to execute and deliver to the Trustee any instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

(c) Any ordinance authorizing a Supplemental Indenture referred to and permitted or authorized by Sections 5.01 and 5.02 may be adopted by the City Council without the consent of any of the owners of Second Lien Bonds, but such Supplemental Indenture shall be executed and delivered by the City and the Trustee and shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Every Supplemental Indenture delivered to the Trustee for execution shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully authorized by the City Council and executed by the City in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and will, when executed and delivered by the Trustee, be valid and binding upon the City and enforceable in accordance with its terms.

(d) The Trustee is hereby authorized to enter into, execute and deliver any Supplemental Indenture referred to and permitted or authorized by Sections 5.01, 5.02 or 5.03 and

to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on, an opinion of counsel (which may be a Counsel's opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(e) No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent to such Supplemental Indenture.

(f) Any Supplemental Indenture executed and delivered pursuant to Section 5.02 or Article VI shall not take effect until the written consent to such modification or amendment of each Bond Insurer of an Outstanding Insured Obligation shall have been filed with the Trustee.

## ARTICLE VI

### AMENDMENTS

**Section 6.01 Mailing of Notice of Amendment.** Any provision in this Article for the mailing of a notice or other paper to owners of Second Lien Bonds shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of then Outstanding Second Lien Bonds at his address, if any, appearing upon the registration books maintained by the City at the principal office of the Trustee or, in the case of Section 2.0B Obligations, set forth in the instrument creating the same, (ii) to each Bond Insurer and (iii) to the Trustee.

**Section 6.02 Powers of Amendment.** Any modification or amendment of this Indenture or of any Supplemental Indenture or of the rights and obligations of the City and of the owners of the Second Lien Bonds in particular may be made by a Supplemental Indenture, with the written consent given as provided in Section 6.03: (a) of the owners of a majority in principal amount of the Second Lien Bonds Outstanding at the time such consent is given, (b) in case less than all of the several series of then Outstanding Second Lien Bonds are affected by the modification or amendment, of the owners of a majority in principal amount of the then Outstanding Second Lien Bonds of each series so affected, (c) in case any Section 2.08 Obligations are affected by the modification or amendment, of the party to whom the Section 2.08. Obligations so affected are payable, (d) in case any Hedge Counterparty is affected by the modification or amendment, of the Hedge Counterparty so affected; except that if such modification or amendment will, by its terms, not take effect so long as any Second Lien Bonds of any specified series and maturity or any specified Section 2.08 Obligations or Section 2.09 Obligations remain Outstanding, the consent of the owners of such Second Lien Bonds or the party to which such Section 2.08 Obligations or Section 2.09 Obligations are payable, as applicable, shall not be required and such Second Lien Bonds, Section 2.08 Obligations or Section 2.09 Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien Bonds, Section 2.08 Obligations or Section 2.09 Obligations under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Second Lien Bond or of any installment of interest on such Second Lien Bonds or a reduction in the principal amount or the Redemption Price of such Second Lien Bonds or a reduction in the rate of interest on such Second Lien Bonds, or in terms of purchase or the purchase price of such Second Lien Bonds, without the consent of the owner of such Second Lien Bond, or shall reduce the percentages or otherwise affect the classes of Second Lien Bonds; the consent of the owners of which is

required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or the Paying Agent without its written assent to such modification or amendment. For the purposes of this Section, a series or any specified Section 2.08 Obligations or Section 2.09 Obligations shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the owners of Second Lien Bonds of such series or of such Section 2.08 Obligations or Section 2.09 Obligations. Notwithstanding anything to the contrary, a modification or amendment of a Supplemental Indenture which increases the maximum rate of interest on Second Lien Bonds of a series may be made by a Supplemental Indenture without the consent of the owners of the affected Second Lien Bonds but shall be subject to the consents of a Bond Insurer, Letter of Credit Provider or other consent or consents as may be required by the Supplemental Indenture authorizing the issuance of such Second Lien Bonds.

### **Section 6.03 Consent of Owners of Second Lien Bonds.**

(a) The City may at any time authorize a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 6.02, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary of such Supplemental Indenture or reference to such Supplemental Indenture in form approved by the Trustee), together with a request to the owners of the Second Lien Bonds for their consent to such Supplemental Indenture in form satisfactory to the Trustee, shall be mailed by the City to the owners of the Second Lien Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental indenture when consented to as provided in this Section). Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (1) the written consents of owners of the percentages of Outstanding Second Lien Bonds specified in Section 6.02 (and, to the extent required by Section 6.02, the consent of the party to which Section 2.08 Obligations or Section 2.09 Obligations are payable), and (2) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully executed and delivered by the City and the Trustee in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the City and enforceable in accordance with its terms upon its becoming effective as provided in this Section, and (h) a notice shall have been mailed as provided below in this Section.

(b) The consent of an owner of Second Lien Bonds to any modification or amendment shall be effective only if accompanied by proof of the ownership, at the date of such consent, of the Second Lien Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 8.13. A certificate or certificates signed by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 8.13 shall be conclusive that the consents have been given by the owners of the Second Lien Bonds described in such certificate or certificates. Any such consent shall be binding upon the owner of the Second Lien Bonds giving such consent and upon any subsequent owner of such Second Lien Bonds and of any Second Lien Bonds issued in exchange for such Second Lien Bonds (whether or not such subsequent owner of such Second Lien Bonds has notice thereof) unless such consent is revoked in writing by the owner of such Second Lien Bonds giving such consent or a subsequent owner of such Second Lien Bonds by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed. The fact

that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

(c) At any time after the owners of the required percentages of Second Lien Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the City and the Trustee a written statement that the owners of such required percentages of Second Lien Bonds (and, to the extent required by Section 6.02 the party to which Section 2.08 Obligations or Section 2.09 Obligations are payable) have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture entered into by the City and the Trustee as of a stated date, a copy of which is on file with the Trustee) has been consented to by the owners of the required percentages of Second Lien Bonds (and, to the extent required by Section 6.02, the party to which Section 2.08 Obligations or Section 2.09 Obligations are payable) and will be effective as provided in this Section, shall be given to owners by the City by mailing such notice to the owners of the Second Lien Bonds and each party to which Section 2.08 Obligations or Section 2.09 Obligations are payable (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section). The City shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Trustee, each party to which Section 2.08 Obligations or Section 2.09 Obligations are payable and the owners of all Second Lien Bonds at the expiration of 40 days after the filing with the Trustee of proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 40 day period; except that the Trustee and the City, during such 40 day period and any such further period during which any such action or proceeding may be pending, shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

**Section 6.04 Modifications by Unanimous Consent.** The terms and provisions of this Indenture and the rights and obligations of the City and of the, owners of the Second Lien Bonds under this Indenture may be modified or amended in any respect upon the consent of the owners of all the then Outstanding Second Lien Bonds to the execution and delivery of such Supplemental Indenture, such consent to be given as provided in Section 6.03 except that no notice to the owners of the Second Lien Bonds shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written assent to such modification or amendment.

**Section 6.05 Exclusion of Second Lien Bonds.** Second Lien Bonds owned by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Second Lien Bonds provided for in this Article, and the City shall not be entitled with respect to such Second Lien Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee with a Certificate upon which the Trustee may rely, describing all Second Lien Bonds so to be excluded.

**Section 6.06 Notation on Second Lien Bonds.** Second Lien Bonds authenticated and delivered after the effective date of any action taken as in Article V or this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and in that case upon demand of the Owner of any Second Lien Bond Outstanding at such effective date and presentation of such Owner's Second Lien Bond for that purpose at the principal office of the Trustee or upon any exchange or registration of transfer of any Second Lien Bond Outstanding at such effective date, suitable notation shall be made on such Second Lien Bond or upon any Second Lien Bond issued upon any such exchange or registration of transfer by the Trustee as to any such action. If the City or the Trustee shall so determine, new Second Lien Bonds so modified as in the opinion of the Trustee and the City to conform to such action shall be prepared, authenticated and delivered, and upon demand of the owner of any Second Lien Bond then Outstanding shall be exchanged, without cost to such owner, for Second Lien Bonds of the same series and maturity upon surrender of such Second Lien Bond.

## ARTICLE VII

### DEFAULT AND REMEDIES

**Section 7.01 Event of Default.** Each of the following events of default is hereby declared an "Event of Default:"

(a) payment of the principal or Redemption Price, if any, of any Second Lien Bond shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) payment of any installment of interest on any Second Lien Bond shall not be made when the same shall become due;

(c) the City shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any the covenants, agreements or conditions on its part contained in this Indenture or the Second Lien Bonds, which materially affects the rights of the owners of the Second Lien Bonds and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the Trustee or the owners of not less than 25 percent in principal amount of the Outstanding Second Lien Bonds; provided, however, that in the case of any such default which, can be cured by due diligence but which cannot be cured within the 45 day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all due diligence; or

(d) an event of default shall occur and be continuing under the provisions of any Supplemental Indenture.

#### **Section 7.02 Remedies.**

(a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of Section 7.01, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) of Section 7.01 (and as specified in any Supplemental Indenture with respect to additional events of default described under such

Supplemental Indenture), the Trustee may, unless otherwise directed pursuant to Section 7.05, proceed, and upon the written direction of the owners of not less than a majority in principal amount of the Outstanding Second Lien Bonds given in accordance with Section 7.05, shall proceed, in its own name, subject to the provisions of this Section, to protect and enforce its rights and the rights of the owners of the Second Lien Bonds by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures with respect to a particular series as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

- i. by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the Second Lien Bonds including the right to require the City to receive and collect Gross Revenues adequate to carry out the covenants and agreements as to such Gross Revenues and the pledge contained in Section 2.04 and to require the City to carry out any other covenant or agreement with the owners of the Second Lien Bonds and to perform its duties under this Indenture;
- ii. by bringing suit upon the Second Lien Bonds;
- iii. by action or suit in equity, require the City to account as if it were the trustee of an express trust for the owners of the Second Lien Bonds; or
- iv. by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Second Lien Bonds.

(b) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City but only out of moneys pledged as security for the Second Lien Bonds for principal, Redemption Price, interest or otherwise, under any provision of this Indenture or any Supplemental Indenture or of the Second Lien Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Second Lien Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture and under such Second Lien Bonds without prejudice to any other right or remedy of the Trustee or the owners of the Second Lien Bonds, and to recover and enforce a judgment or decree against the City for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under this Indenture for such purpose, in any manner provided by law the moneys adjudged or decreed to be payable.

(c) Notwithstanding anything else to the contrary in this Section 7.02, the Trustee shall not waive an Event of Default unless the Letter of Credit shall, at the time of such waive, have been reinstated in full.

### **Section 7.03 Priority of Payments After Default.**

(a) In the event that upon the happening and continuance of any Event of Default, the moneys held by the Trustee shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Second Lien Bonds, such moneys (other than moneys held for the payment or redemption of particular Second Lien Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee

acting pursuant to this Article, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the owners of the Second Lien Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under this indenture, shall, except as otherwise provided with respect to moneys held for the exclusive benefit of Second Lien Bonds of a particular series or particular Section 2.08 Obligations or Section 2.09 Obligations (but subject to Section 2.09(c)) under the provisions of a Supplemental Indenture, be applied as follows:

**FIRST:** to the payment to the persons entitled to the following payment, of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment of such installment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

**SECOND:** to the payment to the persons entitled to the following payment, of the unpaid principal or Redemption Price of any Second Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates with interest on such Second Lien Bonds from the respective dates upon which such principal or Redemption Price became due at the rate borne by the Second Lien Bonds and, if the amounts available shall not be sufficient to pay in full all the Second Lien Bonds due on any date, then to the payment of the Second Lien Bonds ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The deposit of such moneys with the Trustee, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee and the Trustee shall incur no liability whatsoever to the City, to the owner of any Second Lien Bond or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the owner of any unpaid Second Lien Bond unless such Second Lien Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 7.04 Termination of Proceedings.** In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the City, the Trustee and the owners of the Second Lien Bonds shall be restored

to their former positions and rights under this Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

**Section 7.05 Direction of Proceedings by Owners of Second Lien Obligations.** The owners of the majority in principal amount of the Second Lien Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under this Indenture, except that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to owners of the Second Lien Bonds not parties to such direction.

**Section 7.06 Limitation on Rights of Owners of Second Lien Bonds.**

(a) No owner of any Second Lien Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under this Indenture, or for the protection or enforcement of any right or remedy under this Indenture or any right under law unless such owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25 percent in principal amount of the Second Lien Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Indenture granted or granted under law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in such action, suit or proceeding or by such action, suit or proceeding, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and, such notification, request and offer of indemnity are declared in every such case (except with respect to the enforcement of credit enhancement devices securing Second Lien Bonds), at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy under this Indenture or under law. It is understood and intended that no one or more Owners of the Second Lien Bonds secured by this Indenture shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture or under law with respect to the Second Lien Bonds or this Indenture, except in the manner provided in this Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Indenture provided and for the benefit of all owners of the Outstanding Second Lien Bonds, but the provisions of this paragraph shall not apply to any suit instituted by the owner of any Second Lien Bond for the enforcement of the payment of the principal or Redemption Price of or interest on any Second Lien Bond on or after the respective due date of such Second Lien Bond expressed in such Second Lien Bond.

(b) Each owner of any Second Lien Bond by such Owner's acceptance of such Second Lien Bond shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit,



having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any owner of any Second Lien Bond, or group of such owners, holding at least 25 percent in principal amount of the Second Lien Bonds Outstanding, or to any suit instituted by the owner of any Second Lien Bond for the enforcement of the payment of the principal or Redemption Price of or interest on any Second Lien Bond on or after the respective due date of such Second Lien Bond expressed in such Second Lien Bond.

(c) The rights granted under paragraph (a) of this Section to the owners of Second Lien Bonds shall, in the case of any Insured Obligation or Second Lien Bond for which there is a Section 2.08 Obligation consisting of a letter of credit, be exercised only by the Bond Insurer of such Insured Obligation or the Letter of Credit Provider for such letter of credit, as appropriate, provided that, the right of such Bond Insurer or Letter of Credit Provider to exercise rights under said paragraph (a) shall immediately cease and terminate if (i) the rights of such Bond insurer or Letter of Credit Provider have ceased and terminated as provided in paragraph (a) or (b) of Section 9.04, as applicable, or (ii) the Trustee or Paying Agent (but only if the Trustee or the Paying Agent is an affiliate of the Bank) shall not have paid to such owner its allocable share of monies provided to the Trustee or Paying Agent by such Bond Insurer or Letter of Credit Provider for payment to owners of such Bonds.

**Section 7.07 Possession of Second Lien Bonds by Trustee Not Required.** All rights of action under this Indenture or under any of the Second Lien Bonds enforceable by the Trustee may be enforced by it without the possession of any of the Second Lien Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the owners of such Second Lien Bonds, subject to the provisions of this Indenture.

Nothing in this Article contained shall affect or impair the right of the owner of any Second Lien Bond to enforce the payment of the principal or Redemption Price, if any, of and interest on Such Owner's Second Lien Bond or the obligation of the City to pay the principal or Redemption Price, if any, of and interest on each Second Lien Bond issued under this Indenture to the owner of such Second Lien Bond at the time and place in said Second Lien Bond, if any, expressed.

**Section 7.08 Remedies Not Exclusive.** No remedy in this Indenture conferred upon or reserved to the Trustee or to the owners of the Second Lien Bonds by this Indenture is intended to be exclusive of any other remedy or remedies, and each and every Such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or inequity or by statute.

**Section 7.09 No Waiver of Default.** No delay or omission by the Trustee or by the owner of any Second Lien Bond to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein and every power and remedy given by this Indenture to the Trustee and the owners of the Second Lien Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 7.10 Notice to Owners of Second Lien Bonds.** The Trustee shall give to the owners of the Second Lien Bonds notice of each Event of Default under this Indenture known to the Trustee within 90 days after knowledge of the occurrence of such Event of Default, unless such Event of Default shall have been remedied or cured or necessary moneys provided before the giving of such notice; but, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Second Lien Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the owners of the Second Lien Bonds. Each such notice shall be given by the Trustee by mailing written notice thereof: (a) to all registered Owners of the Second Lien Bonds as the names and addresses of such Owners appear upon the books for registration and transfer of Second Lien Bonds as kept by the Trustee or, in the case of Section 2.08 Obligations or Section 2.09 Obligations, as set forth in the instrument creating the same, (c) to each Bond Insurer and (d) to such other persons as is required by law.

## ARTICLE VIII

### CONCERNING THE TRUSTEE

**Section 8.01 Qualification of Trustee.** The Trustee under this Indenture shall be a bank, trust company or national banking association having the powers of a trust company doing business and having an office in the City of Chicago, Illinois.

**Section 8.02 Responsibilities of Trustee.**

(a) The recitals of fact in this Indenture and in the Second Lien Bonds contained shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or any Supplemental Indenture or of any Second Lien Bonds issued under this Indenture or any Supplemental Indenture or in respect of the security afforded by this Indenture or any Supplemental Indenture, and the Trustee shall not incur any responsibility in respect of this Indenture or any Supplemental Indenture. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Second Lien Bonds. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Second Lien Bonds for value or the application of the proceeds thereof except to the extent such proceeds are paid to the Trustee in its capacity as Trustee, or the application of any moneys paid to the City or others in accordance with this Indenture or any Supplemental Indenture. The Trustee shall not be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any action or suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of paragraph (b) of this Section, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the remedy of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and each Supplemental Indenture, and no implied duties shall be read into this Indenture against the Trustee. In case an Event of Default

has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by law, this Indenture and each Supplemental Indenture, and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of this Indenture and any Supplemental Indenture relating to action taken or so to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section.

**Section 8.03 Funds Held in Trust and Security Therefor.** All moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture or any Supplemental Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and upon the terms and conditions of this Indenture or such Supplemental Indenture. Subject to the provisions of Section 3.02, all moneys (not including securities) held by the Trustee, as such, may be deposited by the Trustee with its commercial banking affiliates, or with such other banks, trust companies, or national banking associations, each having its principal place of business in the City of Chicago, Illinois, as may be designated by the City and approved by the Trustee. No such funds shall be deposited with any bank, trust company or national banking association, other than the Trustee or its affiliates, in an amount exceeding 25 percent of the amount which an officer of such bank, trust company or national banking association shall certify to the Trustee and the City as the combined capital, surplus and undivided profits of such bank, trust company or national banking association. No such funds shall be deposited or remain on deposit with any bank, trust company or national banking association in excess of the amount insured by the Federal Deposit Insurance Corporation, unless (a) such bank, trust company or national banking association shall have deposited in trust with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the Trustee and the City, pledged to some other bank, trust company or national banking association, for the benefit of the City and the appropriate fund, account, sub-fund or sub-account, as collateral security for the moneys deposited, Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to 110 percent of the amount of such moneys, or (b) in lieu of such collateral security as to all or any part of such moneys, there shall have been deposited in trust with the trust department of the Trustee, for the benefit of the City and the appropriate fund, account, sub-fund or sub-account, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States of America and qualified to transact business in the State of Illinois in a sum at least equal to the amount of such moneys or part thereof. The Trustee shall not be under any liability for interest on any moneys received hereunder except as may be otherwise agreed upon.

**Section 8.04 Evidence on which Trustee May Act.** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the City and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, including payment of moneys out of any fund or account, such matter (unless other evidence in respect thereof be in this Indenture specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, and such Certificate shall be full warrant for any action taken or suffered in good faith

under the provisions of this Indenture or any Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided in this Indenture or therein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof or thereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by an Authorized Officer. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“**Trustee Officers**”) and containing specimen signatures of such Trustee Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by a Trustee Officer listed on the incumbency certificate provided to the Trustee have been sent by such Trustee Officer. The City shall be responsible for ensuring that only Trustee Officers transmit such Instructions to the Trustee and that the City and all Trustee Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 8.05 Compensation and Expenses.** The City shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture or any Supplemental Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees incurred in and about the performance of their powers and duties under this indenture or any Supplemental Indenture, and, except as provided in any Supplemental Indenture, the Trustee shall have a lien for such compensation on any and all moneys at any time held by it under this Indenture or any Supplemental Indenture. The City further agrees to indemnify and save lie Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under this Indenture, which are not due to its negligence or willful misconduct. The indemnifications set forth herein shall survive the termination of this Indenture and/or the resignation or removal of the Trustee.

**Section 8.06 Permitted Acts and Functions.** The Trustee may become the owner of any Second Lien Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the owners of Second Lien Bonds or to effect or aid in any reorganization growing out of the enforcement of the Second Lien Bonds or this Indenture or any Supplemental Indenture, whether or not any such committee shall represent the owners of a majority in principal amount of the Second Lien Bonds then Outstanding.

**Section 8.07 Resignation.** The Trustee may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not fewer than 60 days' written notice to the City and mailing notice of such resignation, to each Bond Insurer, each Letter of Credit Provider and to the owners of Second Lien Bonds at their addresses shown on the registration books kept by the Trustee within 20 days after the giving of such written notice. Such resignation shall take effect upon the appointment of a successor by the City or the owners of Second Lien Bonds as provided in this Indenture.

**Section 8.08 Removal.** The Trustee may be removed at any time by the owners of a majority in principal amount of the Second Lien Bonds then Outstanding, excluding any Second Lien Bonds held by or for the account of the City,, by an instrument or concurrent instruments in writing signed and duly acknowledged by such owners of Second Lien Bonds or by their attorneys duly authorized in writing and delivered to the City. Copies of each such instrument shall be delivered by the City to each Bond Insurer, each Letter of Credit Provider and to the Trustee and any successor: The City. may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer and by mailing notice thereof to each Bond Insurer, each Letter of Credit Provider and to the owners of Second Lien Bonds at their addresses shown on the registration books kept by the Trustee. Any removal of the Trustee shall take effect upon the appointment of a successor Trustee.

**Section 8.09 Appointment of Successor.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the owners of a majority in principal amount of the Second Lien Bonds then Outstanding, excluding any Second Lien Bonds held by or for the account of the City, by an instrument or concurrent instruments in writing signed by such owners or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City, each Bond Insurer, each Letter of Credit Provider and the predecessor Trustee. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) shall be appointed by the owners of Second Lien Bonds as authorized in this Indenture. The City shall mail notice to each Bond Insurer, each Letter of Credit Provider and to owners of Second Lien Bonds of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by the owners of Second Lien Bonds. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the City written notice of resignation

as provided' in Section 8.07 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, any Bond Insurer, any Letter of Credit Provider or any owner of Second Lien Bonds may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee. Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national banking association, doing business and having an office in the City of Chicago, Illinois.

**Section 8.10 Transfer of Rights and Property to Successor.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the City, a written instrument of acceptance respecting such appointment, and upon such execution, acknowledgment and delivery such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the City, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in this Indenture set forth. Should any deed, conveyance or instrument in writing from the City be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the City.

**Section 8.11 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank, trust company or national banking association which is qualified to be a successor to the Trustee under Section 8.09 and shall be authorized by law to perform all the duties imposed upon it by this Indenture and any Supplemental Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

**Section 8.12 Adoption of Authentication.** In case any of the Second Lien Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Second Lien Bonds and deliver such Second Lien Bonds so authenticated, and in case any of the said Second Lien Bonds shall not have been authenticated, any successor Trustee may authenticate such Second Lien Bonds in the name of the predecessor Trustee, or in the name of the provided successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Second Lien Bonds or in this Indenture that the certificate of the Trustee shall have.

**Section 8.13 Evidence of Signatures of Owners and Ownership of Second Lien Bonds.**

(a) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the owners of Second Lien Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such owners in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by any person of the Second Lien Bonds, shall be sufficient for any purpose of this Indenture (except as otherwise provided in this Indenture expressly) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

1. The fact and date of the execution by any Owner or such Owner's attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act, that the person signing such request or other instrument acknowledged to such person the execution of such instrument, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.
2. The authority of the person or persons executing any such instrument on behalf of a corporate owner of Second Lien Bonds may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(b) The ownership of Second Lien Bonds and the amount, numbers and other identification, and date of ownership of the same shall be proved by the registry books. Any request consent or vote of the owner of any Second Lien Bond shall bind all future owners of such Second Lien Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance with such consent or vote.

**Section 8.14 Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City, any Bond Insurer, any Letter of Credit Provider and any owner of Second Lien Bonds and their agents and their representatives, any of whom may make copies of such documents.

**ARTICLE IX**

**MISCELLANEOUS**

**Section 9.01 Defeasance.**

(a) If the City shall pay or cause to be paid to the owners of all Second Lien Bonds, the principal and interest and Redemption Price, if any, to become due on the Second Lien Bonds, at the times and in the manner stipulated therein, in this Indenture, the Supplemental Indentures creating such Second Lien Bonds and the instruments creating Section 2.08 Obligations and

Section 2.09 Obligations, then the pledge contained in Section 2.04 and all other rights granted by this Indenture shall be discharged and satisfied, in such event, the Trustee shall, upon the request of the City expressed in a Certificate, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the City all accounts, funds and other moneys or securities held by them pursuant to this Indenture and such Supplemental Indentures which are not required for the payment or redemption of Second Lien Bonds not theretofore surrendered for such payment or redemption.

(b) Any Second Lien Bonds or interest installments appertaining to such Second Lien Bonds, whether at or prior to the maturity or the redemption date of such Second Lien Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if (i) in case any such Second Lien Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Second Lien Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (ii) there shall have been deposited with the Trustee by or on behalf of the City either moneys in an amount which shall be sufficient, or Governmental Obligations consisting of obligations described in clause (a) of the definition of Permitted Investments, the principal of and the interest on which when due (without reinvestment of such Governmental Obligations) will provide moneys which, together with the moneys, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Second Lien Bonds on and prior to the redemption date or maturity date of such Second Lien Bonds, as the case may be and (iii) in the event said Second Lien Bonds are not by their terms subject to redemption within the next succeeding 45 days, the City shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the owners of such Second Lien Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Second Lien Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of, and accrued interest on, said Second Lien Bonds. Except as provided in paragraph (e) of this Section, neither the Governmental Obligations or any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or interest on said Governmental Obligations shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Second Lien Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption.

(c) No defeasance of a Second Lien Bond that is to be paid more than 90 days after the date of the deposit referred to in clause (ii) of paragraph (b) of this Section shall be effective until the Trustee shall have received a verification report signed by an independent certified public accountant that the Governmental Obligations consisting of obligations described in clause (a) of the definition of Permitted Investments and moneys to be deposited for such purpose are sufficient to pay the principal and Redemption Price of, and interest on, all Second Lien Bonds with respect to which provision for payment is to be made pursuant to this Section by virtue of the deposit of such Governmental Obligations and moneys.

(d) In the event that the principal of and interest on all Insured Obligations shall be paid by Bond Insurers pursuant to the terms of Bond Insurance Policies, the pledge of revenues,



securities and funds and all other covenants, agreements and other obligations of the City to the owners of Insured Obligations shall continue to exist and each Bond Insurer shall be fully subrogated to the rights of such owners.

(e) Governmental Obligations and moneys held pursuant to this Section may be withdrawn by the City, provided that there is substituted in place of such Governmental Obligations and moneys other Governmental Obligations and moneys sufficient for the purposes of this Section and, provided further that, prior to such substitution there is filed with the Trustee (i) a verification report signed by an Independent certified public accountant that the Governmental Obligations and moneys, as substituted, are sufficient to pay the principal and Redemption Price of, and interest on, all Second Lien Bonds with respect to which provision for payment was made by deposit of such substituted Governmental Obligations pursuant to the provisions of this Section and (ii) an opinion of Bond Counsel to the effect that such substitution has been duly authorized in accordance with this Indenture and will not adversely affect the tax-exempt status of any Second Lien Bonds previously authenticated and delivered under this Indenture.

#### **Section 9.02 Funds Held for Particular Second Lien Bonds.**

(a) The amounts held by the Trustee for the payment of the interest, principal Redemption Price or accrued interest due on any date with respect to particular Second Lien Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the owners of the Second Lien Bonds entitled to such payment and for the purposes set forth in this Indenture, such interest, principal or Redemption Price, after the due date thereof, shall no longer be considered to be unpaid.

(b) If, through the deposit of moneys by the City or otherwise, the Trustee shall hold, pursuant to this Indenture, moneys sufficient to pay the principal and interest to maturity on all Outstanding Second Lien Bonds, or in the case of Second Lien Bonds in respect of which the City shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such redemption date, then at the request of the City all such moneys held by the Trustee shall be held for the payment or redemption of Outstanding Second Lien Bonds.

(c) Unless otherwise specified in any Supplemental Indenture securing Second Lien Bonds, any moneys held by the Trustee in trust for the payment and discharge of any of the Second Lien Bonds which remain unclaimed for two years after the date when all of the Second Lien Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when all of the Second Lien Bonds became due and payable, shall, at the written request of the City, be repaid by the Trustee to the City, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged.

**Section 9.03 No Recourse Under Indenture or on Second Lien Bonds.** All covenants, stipulations, promises, agreements and obligations of the City contained in this Indenture or any Supplemental Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any officer or employee of the City in such person's

individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Second Lien Bonds or for any claim based on the Second Lien Bonds or on this Indenture or any Supplemental Indenture against any officer or employee of the City or any natural person executing the Second Lien Bonds.

**Section 9.04 Rights of Bond Insurers and Letter of Credit Providers.**

(a) All rights of any Bond Insurer under Article V, Article VI and Article VIII shall cease and terminate if: (i) such Bond Insurer has failed to make any payment under its Bond Insurance Policy; (ii) such Bond Insurance Policy shall cease to be valid and binding on such Bond Insurer or shall be declared to be null and void, or the validity or enforceability of any provision of such Bond Insurance Policy is being contested by such Bond Insurer, or such Bond Insurer is denying further liability or obligation under such Bond Insurance Policy; (iii) a petition has been filed and is pending against such Bond Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within sixty days after such filing; (iv) such Bond Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy; reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for such Bond Insurer under the insurance laws of any jurisdiction.

(b) All rights of any Letter of Credit Provider under Article V, Article VI and Article VIII shall cease and terminate if: (i) such Letter of Credit Provider has failed to honor any properly presented and conforming drawing under its letter of credit; (ii) such letter of credit shall cease to be valid and binding on such Letter of Credit Provider or shall be declared to be null and void, or the validity or enforceability of any provision of such letter of credit is being contested by such Letter of Credit Provider, or such Letter of Credit Provider is denying further liability or obligation under such letter of credit; (iii) a petition has been filed and is pending against such Letter of Credit Provider under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution; liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within sixty days after such filing; (iv) such Letter of Credit Provider has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction; or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for such Letter of Credit Provider under the banking or other applicable laws of any jurisdiction.

(c) As long as any Bond Insurance Policy or letter of credit shall be in full force and effect, the City and the Trustee shall comply with all provisions of the Bond Insurance Policy or letter of credit.

**Section 9.05 No Pledge of Taxing Power.** No provision of this Indenture shall be construed as a pledge of the general credit or taxing power of the City. The City's obligations under this Indenture are payable solely from the Trust Estate, including Net Revenues, and no obligation of the City under this Indenture shall be required to be satisfied from any other source.

**Section 9.06 Notices.** Except as otherwise provided in this Indenture, all notices, certificates or other communications under this Indenture shall be sufficiently given and shall be deemed given to the parties required under this Indenture to receive such notice, certificate or communication when sent by Electronic Means or mailed by registered mail, postage prepaid, addressed as follows:

If to the City:           City of Chicago  
Office of Chief Financial Officer  
33 North LaSalle Street, 6<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

If to the Trustee:       The Bank of New York Mellon Trust Company, N.A.  
North LaSalle Street, Suite 700  
Chicago, Illinois. 60602  
Attention: Corporate Trust

In case by reason of the suspension of mail service, it shall be impracticable to give notice by mail of any event to the owners of any Second Lien Bonds, to the City, to the Trustee, to any Bond Insurer or Letter of Credit Provider or to any other person to whom such notice is required to be mailed by the provisions of this Indenture or any Supplemental Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of notice.

**Section 9.07 Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 9.08 Applicable law.** This Indenture shall be governed exclusively by and construed in accordance with the laws of the State of Illinois applicable to contracts made and to be performed in the State of Illinois.

**Section 9.09 Amendment and Restatement.** As of the Effective Date, this Indenture shall amend, restate and replace the Original Indenture in its entirety, the Original Indenture shall be of no further force or effect, all references to the Original Indenture shall be deemed to refer to this Indenture and, in case of any conflict between the provisions of the Original Indenture and this Indenture, the provisions of this Indenture shall control. Further, as of the Effective Date, definitions set forth in this Indenture shall replace the identical definitions in each of the Prior Second Lien Bonds Ordinances (and shall be deemed incorporated into each of the Prior Second Lien Bonds Ordinances), the provisions of Article III of this Indenture shall replace the corresponding provisions of each of the Prior Second Lien Bonds Ordinances (and shall be deemed incorporated into each of the Prior Second Lien Bonds Ordinances) and, in case of any conflict between the provisions of the Prior Second Lien Bonds Ordinances and this Indenture, the provisions of this Indenture shall control. Nothing in this Indenture shall impair any rights granted to any Owner of Second Lien Bonds, Bond Insurer, Letter of Credit Provider or Hedge Counterparty in connection with any Second Lien Bonds Outstanding as of the Effective Date, or impair the obligations thereunder or security therefor.

**IN WITNESS WHEREOF**, The City of Chicago has caused this Amended and Restated Master Indenture of Trust to be executed by its Chief Financial Officer, attested by its City Clerk or its Deputy City Clerk and its corporate seal to be affixed to this Indenture; and The Bank of New York Mellon Trust Company, N.A., as Trustee, has caused this Indenture to be executed by one of its Authorized Signatories, attested by one of its Authorized Signatories and its corporate seal to be affixed to this Indenture, all as of the day and year first above written.

**CITY OF CHICAGO**

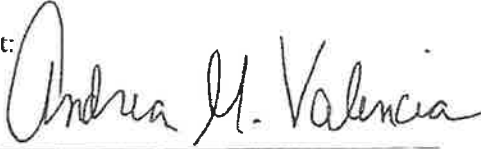


\_\_\_\_\_  
Chief Financial Officer

[SEAL]

Attest:

By:

  
\_\_\_\_\_  
City Clerk

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

By: \_\_\_\_\_

Authorized Signatory

Attest:

By: \_\_\_\_\_

Authorized Signatory

**IN WITNESS WHEREOF**, The City of Chicago has caused this Amended and Restated Master Indenture of Trust to be executed by its Chief Financial Officer, attested by its City Clerk or its Deputy City Clerk and its corporate seal to be affixed to this Indenture; and The Bank of New York Mellon Trust Company, N.A., as Trustee, has caused this Indenture to be executed by one of its Authorized Signatories, attested by one of its Authorized Signatories and its corporate seal to be affixed to this Indenture, all as of the day and year first above written.

**CITY OF CHICAGO**

\_\_\_\_\_  
Chief Financial Officer

[SEAL]

Attest:

By: \_\_\_\_\_  
City Clerk

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

By:   
Authorized Signatory

Attest:

By:   
Authorized Signatory



EXHIBIT B-2

TWELFTH SUPPLEMENTAL INDENTURE

[Attached to the record of proceedings as Document No. 3.]





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**CITY OF CHICAGO**

**to**

**The Bank of New York Mellon Trust Company, N.A.,  
as Trustee**

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**TWELFTH SUPPLEMENTAL INDENTURE  
AMENDING AND RESTATING  
MASTER INDENTURE OF TRUST SECURING  
SECOND LIEN WATER REVENUE BONDS**

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**Dated as of May 1, 2023**

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Supplementing a Master Indenture of Trust Securing Second Lien Water Revenue Bonds, dated as of December 15, 1999, from the City of Chicago to The Bank of New York Mellon Trust Company, NA., as successor Trustee, as amended by Amendment No. 1 To Master Indenture, dated as of August 1, 2004.

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**THIS TWELFTH SUPPLEMENTAL INDENTURE** (this *“Twelfth Supplemental Indenture”*) is made and entered into as of May 1, 2023 from the City of Chicago (the *“City”*), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, to The Bank of New York Mellon Trust Company, N.A., as Trustee (the *“Trustee”*), a national banking association duly organized, existing and authorized to accept and execute trusts of the character set out in this Twelfth Supplemental Indenture under and by virtue of the laws of the United States of America, as Trustee.

**WITNESSETH:**

**WHEREAS**, the City is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois, and is a *“home rule unit”* of local government under Section 6(a) of Article VII of the 1970 Constitution; and

**WHEREAS**, the City has constructed and is maintaining and operating the Water System (as defined in the Second Lien Bonds Ordinances described below) to meet the needs of the City’s inhabitants and other users of the Water System; and

**WHEREAS**, the Water System is operated under the supervision and control of the Department of Water Management of the City; and

**WHEREAS**, to finance capital expenditures of the Water System, the City has previously issued and has outstanding: (i) pursuant to an ordinance passed by the City Council on November 17, 1999 (the *“Series 2000 Bond Ordinance”*) its Second Lien Water Revenue Bonds, Series 2000 (the *“Series 2000 Second Lien Bonds”*), (ii) pursuant to an ordinance passed by the City Council on October 31, 2001 (the *“Series 2001 Bond Ordinance”*) its Second Lien Water Revenue Refunding Bonds, Series 2001 (the *“Series 2001 Second Lien Bonds”*), (iii) pursuant to an ordinance passed by the City Council on May 26, 2004 (the *“Series 2004 Bond Ordinance”*), as amended by an ordinance passed by the City Council on March 14, 2012 and as further amended by an ordinance passed by the City Council on May 9, 2012 (collectively the *“Series 2012 Bond Ordinance”*) its Second Lien Water Revenue Refunding Bonds, Series 2004 (the *“Series 2004 Second Lien Bonds”*), (iv) pursuant to an ordinance passed by the City Council on September 27, 2007 (the *“Series 2008 Bond Ordinance”*) its Second Lien Water Revenue Project and Refunding Bonds, Series 2008 (the *“Series 2008 Second Lien Bonds”*), (v) pursuant to an ordinance passed by the City Council on September 8, 2010 (the *“Series 2010 Bond Ordinance”*) its Second Lien Water Revenue Bonds, Project and Refunding Series 2010A, Second Lien Water Revenue Bonds, Taxable Project Series 2010B (Build America Bonds — Direct Payment) and Second Lien Water Revenue Bonds, Taxable Project Series 2010C (Qualified Energy Conservation Bonds — Direct Payment) (collectively, the *“Series 2010 Second Lien Bonds”*), (vi) pursuant to the Series 2012 Bond Ordinance its Second Lien Water Revenue Bonds, Project Series 2012 (the *“Series 2012 Second Lien Bonds”*), (vii) pursuant to an ordinance passed by the City Council on April 30, 2014 (the *“Series 2014 Bond Ordinance”*) its Second Lien Water Revenue Project and Refunding Bonds, Series 2014 (the *“Series 2014 Second Lien Bonds”*), (viii) pursuant to an ordinance passed by the City Council on March 16, 2016 (the *“Series 2016 Bond Ordinance”*) its Second Lien Water Revenue Bonds, Series 2016A-1 and Series 2016A-2 (collectively, the *“Series 2016A Second Lien Bonds”*), (ix)



pursuant to an ordinance passed by the City Council on January 13, 2016 (the “*Series 2017 Bond Ordinance*”) its Second Lien Water Revenue Refunding Bonds, Series 2017 (the “*Series 2017 Second Lien Bonds*”) and (x) pursuant to an ordinance passed by the City Council on November 8, 2017 (the “*Series 2018 Bond Ordinance*”) its Second Lien Water Revenue Refunding Bonds, Series 2017-2 (the “*Series 2017-2 Second Lien Bonds*” and, together with the Series 2000 Second Lien Bonds, the Series 2001 Second Lien Bonds, the Series 2004 Second Lien Bonds, the Series 2008 Second Lien Bonds, the Series 2010 Second Lien Bonds, the Series 2012 Second Lien Bonds, the Series 2014 Second Lien Bonds, the Series 2016A Second Lien Bonds and the Series 2017 Second Lien Bonds, the “*Prior Second Lien Bonds*”). Pursuant to Section 2.01 of Part B of an ordinance duly adopted by the City Council on June 27, 2018 (the “*2018 Ordinance*”), as amended by an ordinance duly adopted by the City Council on October 27, 2021 (the “*2021 Ordinance*” and collectively with the 2018 Ordinance, the “*Series 2018-1 Bond Ordinance*” and, together with the Series 2000 Bond Ordinance, the Series 2001 Bond Ordinance, the Series 2004 Bond Ordinance, the Series 2008 Bond Ordinance, the Series 2010 Bond Ordinance, the Series 2012 Bond Ordinance, the Series 2014 Bond Ordinance, the Series 2016 Bond Ordinance, the Series 2017 Bond Ordinance and the Series 2018 Bond Ordinance, the “*Prior Second Lien Bonds Ordinances*”), the City has previously authorized the issuance and sale of obligations payable on an equal and ratable basis with the Prior Second Lien Bonds (the “*Second Lien Parity Bonds*”; the Prior Second Lien Bonds and the Second Lien Parity Bonds are referred to as the “*Second Lien Bonds*”) in one or more series in an aggregate principal amount not to exceed \$700,000,000, none of which have been issued; and

**WHEREAS**, the Prior Second Lien Bonds were also issued pursuant to a Master Indenture of Trust Securing City of Chicago Second Lien Water Revenue Bonds, dated as of December 15, 1999, as heretofore supplemented and as amended by Amendment No. 1 To Master Indenture, dated as of August 1, 2004 (said Master Indenture as heretofore supplemented and amended, the “*Original Indenture*”), between the City and the Trustee, which authorizes the issuance of Second Lien Parity Bonds in one or more series pursuant to one or more Supplemental Indentures (as defined in the Original Indenture); and

**WHEREAS**, Sections 5.01 and 5.02 of the Original Indenture provide that the City may enter into a Supplemental Indenture authorized by an ordinance of the City Council and effective upon its execution by the City and the Trustee, as evidence of its consent thereto, without the consent of the holders of any Second Lien Bonds to:

- (i) close the Original Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Original Indenture on, the issuance of Second Lien Bonds or other evidences of indebtedness;
- (ii) add to the covenants and agreements of the Original Indenture other covenants and agreements to be observed by the City which are not contrary or inconsistent with the Original Indenture as then in effect;
- (iii) add to the limitations and restrictions in the Original Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Original Indenture as then in effect;



(iv) surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Original Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Original Indenture;

(v) create a series of Second Lien Bonds and, in connection with such creation, to specify and determine the matters and things referred to in Article II of the Original Indenture and also any other matters and things relative to such Second Lien Bonds which are not contrary to or inconsistent with Original Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance of such Second Lien Bonds;

(vi) confirm, as further assurance, the pledge under the Original Indenture and the subjection of additional properties, Second Lien Bond Revenues (as defined herein) or other collateral to any lien, claim or pledge created or to be created by the Original Indenture;

(vii) modify any of the provisions of the Original Indenture in any respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Second Lien Bonds Outstanding (as defined therein) at the date of the execution and delivery of such Supplemental Indenture shall cease to be Outstanding

(viii) cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Original Indenture;

(ix) insert such provisions clarifying matters or questions arising under the Original Indenture as are necessary or desirable and are not contrary to or inconsistent with the Original Indenture as then in effect; or

(x) provide additional duties of the Trustee under the Original Indenture.

**WHEREAS**, provisions in each of the Prior Second Lien Bonds Ordinances provide that the City may amend or modify each of the Prior Second Lien Bonds Ordinances in accordance with the Original Indenture; and

**WHEREAS**, the City has determined that it is advisable and in the best interests of the City to amend and restate the Original Indenture and amend certain provisions of each of the Prior Second Lien Bonds Ordinances to, among other things, (i) add to the covenants and agreements of the City under the Original Indenture, (ii) add additional Second Lien Bond Revenues to the lien created by the Original Indenture, (iii) incorporate the provisions of each of the Prior Second Lien Bonds Ordinances regarding the use of monies in the funds and accounts of the Water Fund (as defined herein) into the Original Indenture, (iv) cure ambiguities and clarify matters regarding the use of the terms "Operation and Maintenance Costs" and "Net Revenues Available for Bonds" as are necessary and are not contrary to or inconsistent with the Original Indenture as now in effect, (v) add to the limitations and restrictions in the Original Master Indenture other limitations and restrictions regarding the use of monies in the funds and accounts in the Water Fund not contrary to or inconsistent with the Original Indenture as now in





effect and (vi) clarify matters regarding the use of monies in the funds and accounts of the Water Fund not contrary to or inconsistent with the Original Indenture as now in effect; and

**WHEREAS**, the form of the Amended and Restated Indenture (as defined herein) amending and restating the Original Indenture is attached to this Twelfth Supplemental Indenture as *Exhibit A*; and

**WHEREAS**, the execution and delivery of this Twelfth Supplemental Indenture and the Amended and Restated Indenture have been duly and validly authorized by an ordinance duly adopted by the City Council on November 7, 2022.

**NOW, THEREFORE, THIS TWELFTH SUPPLEMENTAL INDENTURE WITNESSETH:**

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01. Definitions.** All capitalized terms used in this Twelfth Supplemental Indenture unless otherwise defined shall have the same meaning as used in Article I of the Original Indenture and in Part B of each of the Prior Second Lien Bonds Ordinances. In addition to the terms defined in the preambles of this Twelfth Supplemental Indenture, the following words and phrases shall have the following meanings for purposes of this Twelfth Supplemental Indenture:

*“Amended and Restated Indenture”* means the Amended and Restated Master Indenture of Trust Securing City of Chicago Second Lien Water Revenue Bonds, dated as of May 1, 2023, between the City and the Trustee.

*“Effective Date”* means the date on which the Amended and Restated Indenture is executed by the City and the Trustee.

## **ARTICLE II**

### **AMENDMENT AND RESTATEMENT OF ORIGINAL INDENTURE; AMENDMENT OF PRIOR SECOND LIEN BONDS ORDINANCES**

As of the Effective Date, the Amended and Restated Indenture shall amend, restate and replace the Original Indenture in its entirety, the Original Indenture shall be of no further force or effect, all references in the Original Indenture and the Prior Second Lien Bonds Ordinances to the Original Indenture shall be deemed to refer to the Amended and Restated Indenture and, in case of any conflict between the provisions of the Original Indenture and the Amended and Restated Indenture, the provisions of the Amended and Restated Indenture shall control. Further, as of the Effective Date, definitions set forth in the Amended and Restated Indenture shall replace the identical definitions in each of the Prior Second Lien Bonds Ordinances (and shall be deemed incorporated into each of the Prior Second Lien Bonds Ordinances), the provisions of Article III of the Amended and Restated Indenture shall replace the corresponding provisions of each of the Prior Second Lien Bonds Ordinances (and shall be deemed incorporated into each of



the Prior Second Lien Bonds Ordinances) and, in case of any conflict between the provisions of the Prior Second Lien Bonds Ordinances and the Amended and Restated Indenture, the provisions of the Amended and Restated Indenture shall control.

### ARTICLE III

#### MISCELLANEOUS

**Section 3.01. Twelfth Supplemental Indenture as Part of Original Indenture.** This Twelfth Supplemental Indenture shall be construed in connection with, and as a part of, the Original Indenture, and all terms, conditions and covenants contained in the Original Indenture, except as provided in the Original Indenture or as modified or supplemented in this Twelfth Supplemental Indenture shall apply and be deemed to be for the equal benefit, security and protection of the Bondholders.

**Section 3.02. Severability.** If any provision of this Twelfth Supplemental Indenture shall be held or deemed to be, or shall, in fact, be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions contained in this Twelfth Supplemental Indenture or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 3.03. Counterparts.** This Twelfth Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 3.04. Rules of Interpretation.** Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed.

**Section 3.05. Captions.** The captions and headings in this Twelfth Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Twelfth Supplemental Indenture.



IN WITNESS WHEREOF, City has caused these presents to be executed in its name and with its official seal affixed with this Twelfth Supplemental Indenture and attested by its duly authorized officials; and to evidence its acceptance of the trusts created by this Twelfth Supplemental Indenture, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal affixed with this Twelfth Supplemental Indenture and attested by its duly authorized officers, as of the date first above written.

**CITY OF CHICAGO**

By: *Jas Bennett*  
Chief Financial Officer

[SEAL]

Attest:  
By: *Andrea M. Valencia*  
City Clerk

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee**

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

[SEAL]

Attest:

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



IN WITNESS WHEREOF, City has caused these presents to be executed in its name and with its official seal affixed with this Twelfth Supplemental Indenture and attested by its duly authorized officials; and to evidence its acceptance of the trusts created by this Twelfth Supplemental Indenture, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal affixed with this Twelfth Supplemental Indenture and attested by its duly authorized officers, as of the date first above written.

**CITY OF CHICAGO**


By: \_\_\_\_\_  
Chief Financial Officer

[SEAL]

Attest:

By: \_\_\_\_\_  
City Clerk

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee**

By:   
Authorized Signatory

[SEAL]

Attest:

By:   
Authorized Signatory





*Exhibit A*  
*Amended and Restated Indenture*

(See Transcript Item No. 3)



EXHIBIT B-3

FOURTEENTH SUPPLEMENTAL INDENTURE

[Attached to the record of proceedings as Document No. 5.]



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**CITY OF CHICAGO**

**to**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee**

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**FOURTEENTH SUPPLEMENTAL INDENTURE**

**SECURING**

**SECOND LIEN WATER REVENUE BONDS,**

**PROJECT SERIES 2023C TAXABLE**

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**DATED AS OF OCTOBER 1, 2023**

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Supplementing an Amended and Restated Master Indenture of Trust Securing Second Lien Water Revenue Bonds, dated as of May 1, 2023, from the City of Chicago to The Bank of New York Mellon Trust Company, N.A., as successor Trustee.

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**THIS FOURTEENTH SUPPLEMENTAL INDENTURE** is made and entered into as of October 1, 2023 (this "*Fourteenth Supplemental Indenture*"), from the City of Chicago (the "*City*"), a municipal corporation and home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois, to The Bank of New York Mellon Trust Company, N.A., as Trustee (the "*Trustee*"), a national banking association duly organized, existing and authorized to accept and execute trusts of the character set out in this Fourteenth Supplemental Indenture under and by virtue of the laws of the United States of America, as Trustee.

**WITNESSETH:**

**WHEREAS**, the City is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois, and is a "home rule unit" of local government under Section 6(a) of Article VII of the 1970 Constitution; and

**WHEREAS**, the City has constructed and is maintaining and operating the Water System (as defined in the Indenture described below) to meet the needs of the City's inhabitants and other users of the Water System; and

**WHEREAS**, the Water System is operated under the supervision and control of the Department of Water Management of the City; and

**WHEREAS**, the City has issued and has outstanding its Outstanding Second Lien Bonds and its Outstanding Subordinate Lien Obligations; and

**WHEREAS**, the City has determined that it is advisable and in the best interests of the City to authorize the issuance from time to time of its Second Lien Water Revenue Bonds, Project Series 2023C (Taxable) ("*Series 2023C Second Lien Bonds*"), subject to the authorization limits specified in the Bond Ordinance, for any one or more of the purposes of (1) paying Project Costs, and (2) paying Costs of Issuance of the Series 2023C Second Lien Bonds; and

**WHEREAS**, the aggregate estimated amount of uses for the Series 2023C Second Lien Bonds does not exceed \$336,000,000. The proceeds of the Series 2023C Second Lien Bonds incurred for the costs described in clause (1) – (2) of the immediately preceding paragraph (the "*2023 Costs*") will not exceed the amount required to pay such costs; and

**WHEREAS**, the City does not have available funds sufficient to pay the 2023 Costs; and

**WHEREAS**, the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the "*USEPA*") has agreed to provide financing to the City to pay the 2023 Costs through a secured loan (the "*WIFIA Loan*") issued pursuant to authority granted to the USEPA under the Water Infrastructure Finance and Innovation Act, as amended ("*WIFIA*") and a loan agreement to be entered into between the City and the USEPA (the "*WIFIA Loan Agreement*")





**WHEREAS**, the City has entered into an Amended and Restated Master Indenture of Trust, dated as of May 1, 2023 (said Amended and Restated Master Indenture of Trust as heretofore and hereafter supplemented and amended, including by this Fourteenth Supplemental Indenture, the “*Indenture*”), with the Trustee, which Indenture authorizes the issuance of Second Lien Parity Bonds in one or more series pursuant to one or more Supplemental Indentures and the incurrence by the City of Section 2.08 Obligations (as defined in the Indenture) and Section 2.09 Obligations (as defined in the Indenture); and

**WHEREAS**, pursuant to Part 2 of Article 3 of an ordinance duly adopted by the City Council on November 7, 2022, as amended by an ordinance adopted by the City Council on October 4, 2023 (together, the “*Bond Ordinance*”), the City has authorized the execution and delivery of the WIFIA Loan Agreement and the issuance and sale of the Series 2023C Second Lien Bonds pursuant to the Indenture in a single series issued under or pursuant to the Bond Ordinance and the Indenture and purchased by the USEPA and payable from payments made by the City pursuant to the WIFIA Loan Agreement (provided that the total principal amount of any Series 2023C Second Lien Bonds shall not exceed \$350,000,000); and

**WHEREAS**, pursuant to such authorization, in order to pay the 2023 Costs, the City has, pursuant to authorization granted in the Bond Ordinance, determined to enter into the WIFIA Loan Agreement and issue and sell the Series 2023C Second Lien Bonds authorized as aforesaid; and

**WHEREAS**, such Series 2023C Second Lien Bonds shall be issued and sold in a single series as provided in this Fourteenth Supplemental Indenture, being the aggregate principal amount of \$336,000,000 (excluding capitalized interest) and designated as “Second Lien Water Revenue Bonds, Project Series 2023C (Taxable); and

**WHEREAS**, the Series 2023C Second Lien Bonds, and the Trustee’s Certificate of Authentication to be endorsed on such Bonds, shall be substantially in the forms attached to this Fourteenth Supplemental Indenture as *Exhibit A*, with necessary and appropriate variations, omissions and insertions as permitted or required by the Bond Ordinance, the Indenture or this Fourteenth Supplemental Indenture;

**NOW, THEREFORE, THIS FOURTEENTH SUPPLEMENTAL INDENTURE WITNESSETH:**

#### **GRANTING CLAUSES**

That the City, in consideration of the premises and the acceptance by the Trustee of the trusts created by the Indenture, and of the purchase and acceptance of the Series 2023C Second Lien Bonds by their Registered Owners, and of the sum of one dollar, lawful money of the United States of America, duly paid to it by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, to secure the payment of the principal of, premium, if any, and interest on the Series 2023C Second Lien Bonds according to their tenor and effect, and to secure the performance and observance by the City of all the covenants expressed or implied in the Indenture and in the Series 2023C Second Lien Bonds, assigns and grants a security interest in



and to the following to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the City set forth below (the “Trust Estate”); provided that under no circumstances shall Federal Subsidies be included in the Trust Estate for purposes of, or pledged to secure, the WIFIA Loan:

**GRANTING CLAUSE FIRST**

All right, title and interest of the City in and to Net Revenues and amounts on deposit in the 2023C Construction Account and the accounts of the Water Fund (as defined in the Indenture) (other than monies, instruments and securities or any Qualified Reserve Account Credit Instrument on deposit in a Debt Service Reserve Account for any other Series of Second Lien Bonds issued or to be issued), except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account, in each case to the extent pledged and assigned in the granting clauses of the Indenture;

**GRANTING CLAUSE SECOND**

All moneys and securities from time to time held by the Trustee under the terms of the Indenture; and

**GRANTING CLAUSE THIRD**

Any and all other property, rights and interests of every kind and nature from time to time after the date of this Fourteenth Supplemental Indenture by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected to the Indenture, as and for additional security under the Indenture by the City or by any other person on its behalf or with its written consent to the Trustee, and the Trustee is by this Fourteenth Supplemental Indenture authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture;

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors in said trust and assigns forever;

**IN TRUST, NEVERTHELESS**, upon the terms and trusts set forth in the Indenture for the equal and proportionate benefit, security and protection of all present and future Registered Owners of the Series 2023C Second Lien Bonds and all other Second Lien Bonds issued or secured from time to time under the provisions of the Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the foregoing over any other of the foregoing, except to the extent otherwise specifically provided in this Fourteenth Supplemental Indenture or in the Indenture;

**PROVIDED, HOWEVER**, that if the City, its successors or assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Series 2023C Second Lien Bonds, and shall cause the payments to be made on such Series 2023C Second Lien Bonds as required in this Fourteenth Supplemental Indenture, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of the



Indenture and this Fourteenth Supplemental Indenture and shall pay or cause to be paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions of this Fourteenth Supplemental Indenture, then upon the final payment of such sums this Fourteenth Supplemental Indenture and the rights by this Fourteenth Supplemental Indenture granted shall cease, determine and be void; otherwise this Fourteenth Supplemental Indenture shall remain in full force and effect.

**THIS FOURTEENTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH**, and it is expressly declared, that all Series 2023C Second Lien Bonds issued and secured under this Fourteenth Supplemental Indenture are to be issued, authenticated and delivered, and all said property, rights and interests and any other amounts assigned and pledged by this Fourteenth Supplemental Indenture are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes expressed in this Fourteenth Supplemental Indenture, and the City has agreed and covenanted and by this Fourteenth Supplemental Indenture agrees and covenants with the Trustee, the respective owners of the Series 2023C Second Lien Bonds as follows:

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01. Definitions.** All capitalized terms used in this Fourteenth Supplemental Indenture unless otherwise defined shall have the same meaning as used in Article I of the Indenture. In addition to the terms defined in the preambles of this Fourteenth Supplemental Indenture, the following words and phrases shall have the following meanings for purposes of this Fourteenth Supplemental Indenture:

*“Authorized Denomination”* means, with respect to a particular Series 2023C Second Lien Bond, \$1,000,000 and any integral multiple of \$1 in excess thereof.

*“Bondholder,” “holder,” “owner of the Series 2023C Second Lien Bonds”* or *“Registered Owner”* means the Registered Owner of any Series 2023C Second Lien Bond.

*“Bond Register”* means the registration books of the City kept by the Trustee (in its capacity as Bond Registrar) to evidence the registration and transfer of Series 2023C Second Lien Bonds.

*“Bond Registrar”* means the Trustee.

*“Chief Financial Officer”* means the Chief Financial Officer appointed by the Mayor of the City or, in the event no person is at the time then so appointed and acting, the City Comptroller.

*“City”* means the City of Chicago, a municipal corporation and home rule unit of local government, organized and existing under the Constitution and laws of the State.

*“City Comptroller”* means the City Comptroller of the City appointed by the Mayor of the City.



“Code” means the United States Internal Revenue Code of 1986, as amended. References to the Code and to Sections of the Code shall include relevant final, temporary or proposed regulations thereunder as in effect from time to time and as applicable to obligations issued on the Date of Issuance.

“Date of Issuance” means October 20, 2023, the date of original issuance and delivery of the Series 2023C Second Lien Bonds under this Fourteenth Supplemental Indenture.

“Depository Agreement” means the Depository Agreement dated October 20, 2023 between the City and The Bank of New York Mellon Trust Company, N.A., as depository, pursuant to which funds on deposit in the Construction Account: 2023C Second Lien Bonds shall be held and disbursed.

“Indenture” means the Amended and Restated Master Indenture of Trust, dated as of May 1, 2023, from the City to the Trustee, pursuant to which Bonds are authorized to be issued, and any additional supplements to it, including this Fourteenth Supplemental Indenture. References to Articles and Sections of the Indenture shall be deemed to refer to Articles and Sections of the Indenture as amended.

“Interest Payment Date” means each May 1 and November 1, commencing on May 1, 2027.

“Maturity Date” means, with respect to the Series 2023C Second Lien Bonds, the maturity date set forth in Section 2.01(c) hereof.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel in form and substance acceptable to the City and the Trustee, which opinion may be based on a ruling or rulings of the Internal Revenue Service.

“Participant,” when used with respect to any Securities Depository, means any participant of such Securities Depository.

“Paying Agent” means the Trustee and any other bank, national banking association or trust company designated by the City or the Trustee pursuant to Section 8.03 hereof as a paying agent for the Series 2023C Second Lien Bonds, and any successor or successors appointed by the Chief Financial Officer or the Trustee under this Fourteenth Supplemental Indenture.

“Program Fees” means:

(a) the fees, expenses and other charges payable to each fiduciary, including the Trustee, the Trustee’s Agent and any Paying Agent, pursuant to the provisions of Section 8.05 of the Indenture; *provided* that if at any time there shall be any Series of Second Lien Bonds Outstanding under the Indenture other than the Series 2023C Second Lien Bonds, then “Program Fees” shall mean only such portion of such fees, expenses and other charges as shall be payable with respect to, or properly allocable to, the duties performed by each such fiduciary with respect to the Series 2023C Second Lien Bonds;

(b) ongoing fees payable to any Rating Agency maintaining a rating on any





Series 2023C Second Lien Bonds; and

(c) any other fees, expenses and other charges of a similar nature payable by the City to any person under this Fourteenth Supplemental Indenture or otherwise with respect to the Series 2023C Second Lien Bonds.

*“Project Costs”* means the costs of acquiring, constructing and equipping the Projects, including without limitation, acquisition of necessary interests in property, engineering fees or costs of the City, restoration costs, legal fees or costs of the City.

*“Projects”* means the program of improvements and extensions to the Water System designated by the Commissioner including, but not limited to constructing and installing water mains; rehabilitating, upgrading, replacing, repairing, renovating, improving and extending facilities at the water purification plants; improving and extending facilities at any or all of the pumping stations; providing any and all necessary facilities, services and equipment to protect and enhance the safety, integrity and security of the Water System; and providing new equipment and technology and rehabilitating existing equipment necessary to continue to provide existing and future customers with the quality and quantity of water required and to meet future customer demand.

*“Rating Agency”* means any nationally recognized securities ratings service that shall have assigned ratings to any Series 2023C Second Lien Bond as requested by or on behalf of the City and which ratings are then currently in effect.

*“Record Date”* means April 15 and October 15 of each year (whether or not a Business Day).

*“Registered Owner”* or *“Owner”* means the person or persons in whose name or names a Series 2023C Second Lien Bond shall be registered in the Bond Register.

*“Series 2023C Second Lien Bonds”* means the \$336,000,000 aggregate principal amount of Second Lien Water Revenue Bonds, Project Series 2023C (Taxable) authorized to be issued pursuant to Section 2.01 hereof.

*“State”* means the State of Illinois.

*“Trust Estate”* means the property conveyed to the Trustee pursuant to the Granting Clauses of this Fourteenth Supplemental Indenture.

*“Trustee”* means The Bank of New York Mellon Trust Company, N.A. organized and existing under the laws of the United States of America (as successor trustee), and its successors and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor Trustee at the time serving as successor trustee under this Fourteenth Supplemental Indenture.

*“Trustee’s Agent”* means any agent designated as Trustee’s Agent by the Trustee and at the time serving in that capacity. Any agent so designated by the Trustee shall execute a written agreement with the Trustee assuming all obligations of the Trustee under this Fourteenth



Supplemental Indenture with respect to those duties of the Trustee which such agent agrees to perform on behalf of the Trustee.

“*Fourteenth Supplemental Indenture*” means this Fourteenth Supplemental Indenture and any amendments and supplements to this Fourteenth Supplemental Indenture.

“*2023C Construction Account*” means the Construction Account: 2023C Second Lien Bonds established pursuant to Section 3.01 of the Indenture, as further described in Sections 4.02, 4.06 and 4.08 hereof.

“*2023 Costs*” has the meaning ascribed to it in the preambles to this Fourteenth Supplemental Indenture.

“*2023C Costs of Issuance Account*” means the account designated the “Series 2023C Second Lien Bonds, Costs of Issuance Account” established in the 2023 Second Lien Bonds Subaccount as described in Section 4.02(b)(iv) and Section 4.08 hereof.

“*2023C Principal and Interest Account*” means the account designated the “Series 2023C Second Lien Bonds, Principal and Interest Account” established in the 2023 Second Lien Bonds Subaccount as described in Section 4.02(b)(iii) and Section 4.05 hereof.

“*2023C Principal and Interest Account Requirement*” means an amount, calculated as of each Deposit Date, equal to the total Principal Installments and interest due on the Series 2023C Second Lien Bonds on such Deposit Date.

“*2023C Program Fee Account*” means the account designated the “Series 2023C Second Lien Bonds, Program Fee Account” established in the 2023 Second Lien Bonds Subaccount as described in Section 4.02(b)(ii) and Section 4.06 hereof.

“*2023 Second Lien Bonds Subaccount*” means the fund of that name established within the Second Lien Bonds Account created under Section 3.03(b) of the Indenture, as further described in Sections 4.02 and 4.06 hereof.

## ARTICLE II

### THE SERIES 2023C SECOND LIEN BONDS

**Section 2.01. Authority for and Issuance of Series 2023C Second Lien Bonds.** (a) No Series 2023C Second Lien Bonds may be issued under the provisions of this Fourteenth Supplemental Indenture except in accordance with this Article. The Series 2023C Second Lien Bonds are being issued to provide funds to pay 2023 Costs.

(b) Pursuant to the Bond Ordinance, the total principal amount of any Series 2023C Second Lien Bonds shall not exceed \$350,000,000. The Series 2023C Second Lien Bonds shall be issuable as fully registered bonds, without coupons, in Authorized Denominations, substantially in the form attached as *Exhibit A*. Unless the City shall otherwise direct, the Series 2023C Second Lien Bonds shall be lettered and numbered from R-1 and upwards, but need not be numbered consecutively.



(c) The Series 2023C Second Lien Bonds shall be designated “City of Chicago Second Lien Water Revenue Bonds, Project Series 2023C (Taxable)” and shall be issued in the aggregate principal amount of \$336,000,000(excluding capitalized interest. The Series 2023C Second Lien Bonds shall be dated the Date of Issuance, shall bear interest at the rate of 5.14% per annum and shall mature on November 1, 2056, and payments of principal and interest shall be due thereon in the amounts and the manner and on the dates set forth in the loan amortization schedule attached to the WIFIA Loan Agreement.

(d) Principal of the Series 2023C Second Lien Bonds shall bear interest from the date of its disbursement pursuant to the WIFIA Loan Agreement, and following the first Interest Payment Date interest shall accrue as set forth in the next paragraph except that if as shown by the records of the Trustee, interest on the Series 2023C Second Lien Bonds shall be in default, any replacement Series 2023C Second Lien Bonds issued in exchange for or upon the registration of transfer of the original Series 2023C Second Lien Bonds shall bear interest from the date to which interest has been paid in full on such Series 2023C Second Lien Bonds or, if no interest has been paid on such Series 2023C Second Lien Bonds, the respective dates of disbursement of principal pursuant to the WIFIA Loan Agreement. The Series 2023C Second Lien Bonds shall bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rate borne by the Series 2023C Second Lien Bond on the date on which such principal, premium or interest came due and payable pursuant to the WIFIA Loan Agreement, plus 200 basis points, in accordance with the WIFIA Loan Agreement.

(e) Interest on the Series 2023C Second Lien Bonds shall be payable on each Interest Payment Date, computed upon the basis of a 360-day year consisting of twelve 30-day months. No interest shall accrue on the Series 2023C Second Lien Bond after the Maturity Date thereof (*provided*, the payment at maturity is paid or provided for in accordance with the provisions of the Indenture and the WIFIA Loan Agreement).

(f) The principal of and interest on the Series 2023C Second Lien Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment of such Series 2023C Second Lien Bonds, is legal tender for the payment of public and private debts.

(g) The principal of the Series 2023C Second Lien Bonds shall be payable at the designated corporate trust office of the Trustee or, at the option of the Registered Owners, at the designated corporate trust office of any Paying Agent named in such Series 2023C Second Lien Bonds, upon presentation and surrender of such Series 2023C Second Lien Bonds.

(h) Payment of interest on Series 2023C Second Lien Bonds shall be paid by check mailed on the Interest Payment Date to the persons appearing on the Bond Register as the Registered Owners of such Series 2023C Second Lien Bonds as of the close of business of the Trustee on the Record Date at the addresses of such Registered Owners as they appear on the Bond Register, or at such other addresses as are furnished to the Trustee in writing by the Registered Owners not later than the Record Date. Payment of interest on any Series 2023C Second Lien Bond shall be made to the Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2023C Second Lien Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to such Registered



Owner on such Interest Payment Date upon written notice from such Registered Owner containing the wire transfer address within the United States to which such Registered Owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the Record Date.

(i) Principal of the Series 2023C Second Lien Bonds shall bear interest from the date of its disbursement pursuant to the WIFIA Loan Agreement, until payment of the principal or redemption price of such Series 2023C Second Lien Bonds shall have been made or provided for in accordance with the provisions of this Fourteenth Supplemental Indenture, whether at the Maturity Date or otherwise.

**Section 2.02. Execution; Limited Obligations.** The Series 2023C Second Lien Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor of the City and attested with the official manual or facsimile signature of its City Clerk or Deputy City Clerk, and shall have affixed, impressed, imprinted or otherwise reproduced on such Series 2023C Second Lien Bonds the corporate seal of the City or a facsimile of such seal. The Series 2023C Second Lien Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State, and pursuant to the Bond Ordinance and the Indenture. The Series 2023C Second Lien Bonds, the Section 2.08 Obligations and the Section 2.09 Obligations are not general obligations of the City, but are limited obligations payable solely from the Trust Estate, including Net Revenues and moneys and securities held in the accounts of the Water Fund (except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account) and the 2023C Construction Account, and shall be a valid claim of the respective Registered Owners of the Series 2023C Second Lien Bonds only against the Trust Estate, including Net Revenues and amounts held in the accounts of the Water Fund (except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account), other than monies, instruments and securities or any Qualified Reserve Account Credit Instrument on deposit in a Debt Service Reserve Account for any other Series of Second Lien Bonds issued or to be issued, and the 2023C Construction Account and other moneys held by the Trustee or otherwise pledged therefor, which amounts are by this Fourteenth Supplemental Indenture pledged, assigned and otherwise held as security for the equal and ratable payment of the Series 2023C Second Lien Bonds, the Section 2.08 Obligations and the Section 2.09 Obligations, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Series 2023C Second Lien Bonds, the Section 2.08 Obligations and the Section 2.09 Obligations, except as may be otherwise expressly authorized in the Indenture or in this Fourteenth Supplemental Indenture. Neither the Series 2023C Second Lien Bonds, the Section 2.08 Obligations nor the Section 2.09 Obligations shall constitute an indebtedness of the City or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision of the State is pledged to the payment of the principal of premium, if any, or the interest on the Series 2023C Second Lien Bonds, the Section 2.08 Obligations or the Section 2.09 Obligations, or other costs incident to the Series 2023C Second Lien Bonds, the Section 2.08 Obligations or the Section 2.09 Obligations. In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2023C Second Lien Bonds shall cease to be such officer before the delivery of such Series 2023C Second Lien





Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, as if such officer had remained in office until delivery.

**Section 2.03. Authentication.** No Series 2023C Second Lien Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Fourteenth Supplemental Indenture unless and until such certificate of authentication in substantially the form attached to this Indenture as part of *Exhibit A* shall have been duly executed by the Trustee, and such executed certificate of the Trustee, upon any such Series 2023C Second Lien Bond shall be conclusive evidence that such Series 2023C Second Lien Bond has been authenticated and delivered under this Fourteenth Supplemental Indenture. The Trustee's certificate of authentication on any Series 2023C Second Lien Bond shall be deemed to have been executed by it if (i) signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificates of authentication on all of the Series 2023C Second Lien Bonds issued under this Fourteenth Supplemental Indenture and (ii) the date of authentication on such Series 2023C Second Lien Bond is inserted in the place provided for such date in the certificate of authentication.

**Section 2.04. Form of Series 2023C Second Lien Bonds; Temporary Series 2023C Second Lien Bonds.** The Series 2023C Second Lien Bonds issued under this Fourteenth Supplemental Indenture shall be substantially in the form attached to this Indenture as *Exhibit A*, with such appropriate variations, omissions and insertions as are permitted or required by this Fourteenth Supplemental Indenture.

Pending preparation of definitive Series 2023C Second Lien Bonds, or by agreement with the purchasers of such Series 2023C Second Lien Bonds, the City may issue and, upon its request, the Trustee shall authenticate, in lieu of definitive Series 2023C Second Lien Bonds, one or more temporary printed or typewritten Bonds in Authorized Denominations of substantially the tenor recited above. Upon request of the City, the Trustee shall authenticate definitive Series 2023C Second Lien Bonds in exchange for and upon surrender of an equal principal amount of temporary Series 2023C Second Lien Bonds. Until so exchanged, temporary Series 2023C Second Lien Bonds shall have the same rights, remedies and security under this Fourteenth Supplemental Indenture as definitive Series 2023C Second Lien Bonds.

**Section 2.05. Delivery of Series 2023C Second Lien Bonds.** Upon the execution and delivery of this Fourteenth Supplemental Indenture, the City shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Series 2023C Second Lien Bonds and deliver them to the purchasers as may be directed by the City as provided in this Section.

Prior to the delivery by the Trustee of the Series 2023C Second Lien Bonds there shall be filed with the Trustee:

(i) a copy, duly certified by the City Clerk or Deputy City Clerk of the City, of the Bond Ordinance;

(ii) original executed counterparts of the Indenture and this Fourteenth Supplemental Indenture;



(iii) a Counsel's Opinion or Opinions to the effect that (A) the City had the right and power to adopt the Bond Ordinance; (B) the Bond Ordinance has been duly and lawfully adopted by the City Council, is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms (except as limited by any applicable bankruptcy liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event equitable remedies are sought); (C) the Indenture and this Fourteenth Supplemental Indenture have been duly and lawfully authorized by all necessary action on the part of the City, have been duly and lawfully executed by authorized officers of the City, are in full force and effect and are valid and binding upon the City and enforceable in accordance with their terms (except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity in the event equitable remedies are sought); (D) the Indenture and this Fourteenth Supplemental Indenture create the valid pledge of the Trust Estate, including Net Revenues and moneys and securities held in the accounts of the Water Fund (except for the amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account), other than monies, instruments and securities or any Qualified Reserve Account Credit Instrument on deposit in a Debt Service Reserve Account for any other Series of Second Lien Bonds issued or to be issued under the Indenture and this Fourteenth Supplemental Indenture for the benefit and security of the Series 2023C Second Lien Bonds; subject to application of such moneys and securities in the manner provided in the Indenture and this Fourteenth Supplemental Indenture; (E) upon the execution, authentication and delivery of the Indenture and this Fourteenth Supplemental Indenture, the Series 2023C Second Lien Bonds will have been, duly and validly authorized and issued in accordance with the Constitution and laws of the State, the Bond Ordinance, the Indenture and this Fourteenth Supplemental Indenture and (F) any required approval for the issuance of the Series 2023C Second Lien Bonds has been obtained;

(iv) a written order as to the delivery of the Series 2023C Second Lien Bonds, signed by the City Comptroller and stating (A) the identity of the purchasers, the aggregate purchase price and the date and place of delivery; and (B) that no Event of Default has occurred and is continuing under the Indenture or this Fourteenth Supplemental Indenture; and

(v) a Certificate of the City Comptroller stating that the conditions of Section 2.06 of the Indenture have been met.

**Section 2.06. Mutilated, Lost, Stolen or Destroyed Series 2023C Second Lien Bonds.**

In the event a Series 2023C Second Lien Bond is mutilated, lost, stolen or destroyed, the City may execute and the Trustee may authenticate a new Series 2023C Second Lien Bond of like date, maturity, interest rate and denomination as the Series 2023C Second Lien Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series 2023C Second Lien Bond, such mutilated Series 2023C Second Lien Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Series 2023C Second Lien Bond, there shall be first furnished to the City and the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee, together with indemnity satisfactory to them. In the event any such



Series 2023C Second Lien Bond has matured, instead of issuing a substitute Series 2023C Second Lien Bond the City may pay the same without surrender of such Series 2023C Second Lien Bond. The City and the Trustee may charge the Registered Owner of such Series 2023C Second Lien Bond with their reasonable fees and expenses in this connection. All Series 2023C Second Lien Bonds so surrendered to the Trustee shall be canceled and destroyed, and evidence of such destruction shall be given to the City. Upon the date of final maturity or redemption of all of the Series 2023C Second Lien Bonds, the Trustee shall destroy any inventory of unissued certificates.

All duplicate Series 2023C Second Lien Bonds issued and authenticated pursuant to this Section shall constitute original, contractual obligations of the City (whether or not, in the case of the first paragraph of this Section, lost, stolen or destroyed Series 2023C Second Lien Bonds be at any time found by anyone), and shall be entitled to equal and proportionate rights and benefits under this Fourteenth Supplemental Indenture as all other Outstanding Series 2023C Second Lien Bonds issued under this Fourteenth Supplemental Indenture.

All Series 2023C Second Lien Bonds shall be owned upon the express condition that the foregoing provisions, to the extent permitted by law, are exclusive with respect to the replacement or payment of mutilated, destroyed, lost, stolen or purchased Series 2023C Second Lien Bonds, and shall preclude any and all other rights or remedies.

**Section 2.07. Transfer and Exchange of Series 2023C Second Lien Bonds; Persons Treated as Owners.** (a) Subject to the limitations contained in subsection (c) of this Section, upon surrender for registration of transfer of any Series 2023C Second Lien Bond at the designated corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Bondholder or such Bondholder's attorney duly authorized in writing, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the transferee or transferees a new Series 2023C Second Lien Bond or Bonds of like date and tenor in Authorized Denominations of the same Maturity Date and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive bearing numbers not contemporaneously Outstanding. Subject to the limitations contained in subsection (c) of this Section, Series 2023C Second Lien Bonds may be exchanged at such times at such designated corporate trust office of the Trustee upon surrender of such Series 2023C Second Lien Bond together with an assignment duly executed by the Registered Owner of such Series 2023C Second Lien Bonds or such Registered Owner's attorney in such form and with guarantee of signature as shall be satisfactory to the Trustee for an equal aggregate principal amount of Series 2023C Second Lien Bonds of like date and tenor of any Authorized Denomination as the Series 2023C Second Lien Bonds surrendered for exchange bearing numbers not contemporaneously Outstanding. The execution by the City of any Series 2023C Second Lien Bond of any Authorized Denomination shall constitute full and due authorization of such Authorized Denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Series 2023C Second Lien Bond.

(b) No service charge shall be imposed upon the Registered Owners for any exchange or transfer of Series 2023C Second Lien Bonds. The City and the Trustee may, however, require payment by the person requesting an exchange or transfer of Series 2023C Second Lien Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in



relation to such exchange or transfer, except in the case of the issuance of one or more Series 2023C Second Lien Bonds for the unredeemed portion of a Series 2023C Second Lien Bond surrendered for redemption in part.

(c) The Trustee shall not be required to transfer or exchange any Series 2023C Second Lien Bond during the period commencing on the Record Date next preceding any Interest Payment Date of such Series 2023C Second Lien Bond and ending on such Interest Payment Date, or to transfer or exchange such Series 2023C Second Lien Bond after the mailing of notice calling such Series 2023C Second Lien Bond for redemption has been made as provided in this Fourteenth Supplemental Indenture or during the period of 15 days next preceding the giving of notice of redemption of Series 2023C Second Lien Bonds.

(d) Series 2023C Second Lien Bonds delivered upon any registration of transfer or exchange as provided in this Section 2.07 or as provided in Section 2.08 hereof shall be valid limited obligations of the City, evidencing the same debt as the Series 2023C Second Lien Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits of this Fourteenth Supplemental Indenture to the same extent as the Series 2023C Second Lien Bond surrendered.

(e) The City, the Trustee and any Paying Agent may treat the Registered Owner of any Series 2023C Second Lien Bond as the absolute owner of such Series 2023C Second Lien Bond for all purposes, whether or not such Series 2023C Second Lien Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of, premium, if any, and interest on any such Series 2023C Second Lien Bond as provided in this Fourteenth Supplemental Indenture shall be made only to or upon the written order of the Registered Owner of such Series 2023C Second Lien Bond or such Registered Owner's legal representative, but such registration may be changed as provided in this Fourteenth Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2023C Second Lien Bond to the extent of the sum or sums so paid.

**Section 2.08. Cancellation.** Any Series 2023C Second Lien Bond surrendered for the purpose of payment or retirement, or for exchange, transfer or replacement, shall be canceled upon surrender of such Series 2023C Second Lien Bond to the Trustee or any Paying Agent. If the City shall acquire any of the Series 2023C Second Lien Bonds, the City shall deliver such Series 2023C Second Lien Bonds to the Trustee for cancellation and the Trustee shall cancel the same. Any such Series 2023C Second Lien Bonds canceled by any Paying Agent other than the Trustee shall be promptly transmitted by such Paying Agent to the Trustee. Certification of Series 2023C Second Lien Bonds canceled by the Trustee and Series 2023C Second Lien Bonds canceled by a Paying Agent other than the Trustee which are transmitted to the Trustee shall be made to the City. Canceled Series 2023C Second Lien Bonds may be destroyed by the Trustee unless instructions to the contrary are received from the City. Upon the date of final maturity or redemption of all Series 2023C Second Lien Bonds, the Trustee shall destroy any inventory of unissued certificates.





## ARTICLE III

### REDEMPTION OF SERIES 2023C SECOND LIEN BONDS

**Section 3.01. Optional Redemption.** The Series 2023C Second Lien Bonds are subject to redemption prior to maturity at the option of the City, in whole on any date or in part on any Interest Payment Date, at a Redemption Price equal to the outstanding principal amount of such Series 2023C Second Lien Bond, together with accrued interest to the date fixed for redemption.

**Section 3.02. Redemption Terms; Notice of Redemption.**

(a) Series 2023C Second Lien Bonds may be called for redemption by the Trustee pursuant to Section 3.01 hereof upon receipt by the Trustee at least 45 days prior to the redemption date (or such shorter period as shall be acceptable to the Trustee) of a written request of the City requesting such redemption.

(b) Unless waived by any owner of Series 2023C Second Lien Bonds to be redeemed, notice of the call for any optional redemption pursuant to Section 3.01 hereof shall be given by the Trustee on behalf of the City by mailing the redemption notice by first class mail at least 30 days and not more than 45 days prior to the date fixed for redemption to the Registered Owner of the Series 2023C Second Lien Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee, but the failure to mail any such notice or any defect therein as to any Series 2023C Second Lien Bond to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2023C Second Lien Bond to be redeemed. Any notice of redemption mailed as provided in this Section shall be conclusively presumed to have been given whether or not actually received by the addressee.

(c) All notices of redemption shall specify, at a minimum: (i) the series name and designation and certificate numbers of Series 2023C Second Lien Bonds being redeemed, (ii) the CUSIP numbers of the Series 2023C Second Lien Bonds being redeemed, (iii) the principal amount of Series 2023C Second Lien Bonds being redeemed and the redeemed amount for each certificate (for partial calls), (iv) the redemption date, (v) the redemption price, (vi) the Date of Issuance of the Series 2023C Second Lien Bonds being redeemed, (vii) the interest rate and maturity date of the Series 2023C Second Lien Bonds being redeemed, (viii) the date of mailing of notices to Registered Owners and information services (if required), and (ix) the name of the employee of the Trustee which may be contacted with regard to such notice. Such notice may state that said redemption is conditioned upon the receipt by the Trustee on or prior to the date fixed for redemption of moneys sufficient to pay the redemption price of the Series 2023C Second Lien Bonds being redeemed. If such moneys are not so received, such redemption notice shall be of no force and effect, the City shall not redeem such Series 2023C Second Lien Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2023C Second Lien Bonds will not be redeemed. Unless the notice of redemption shall be made conditional as provided above, on or prior to any redemption date for Series 2023C Second Lien Bonds, the City shall deposit with the Trustee an amount of money sufficient to pay the redemption price of all Series 2023C Second Lien Bonds or portions thereof which are to be redeemed on that date.



(d) Notice of redemption having been given as aforesaid, the Series 2023C Second Lien Bonds, or portions thereof, so to be redeemed shall, on the redemption date (unless the redemption has been canceled as described in Section 3.02(c) hereof), become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Series 2023C Second Lien Bonds, or portions thereof, shall cease to bear interest. Upon surrender of such Series 2023C Second Lien Bonds for redemption in accordance with said notice, such Series 2023C Second Lien Bonds shall be paid by the Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2023C Second Lien Bond, there shall be prepared for the Registered Owner a new Series 2023C Second Lien Bond or Bonds of the same interest rate and maturity in the amount of the unpaid principal. If any Series 2023C Second Lien Bond, or portion thereof, called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by such Bond, or portion thereof, so called for redemption.

**Section 3.03. Selection of Series 2023C Second Lien Bonds for Redemption.** In the event of the redemption of fewer than all the Series 2023C Second Lien Bonds, the aggregate principal amount thereof to be redeemed shall be in an Authorized Denomination.

## ARTICLE IV

### REVENUES AND FUNDS

**Section 4.01. Source of Payment of Series 2023C Second Lien Bonds.** The Series 2023C Second Lien Bonds, the Section 2.08 Obligations and the Section 2.09 Obligations are not general obligations of the City but are limited obligations as described in Section 2.02 hereof and as provided in this Fourteenth Supplemental Indenture and in the Indenture.

**Section 4.02. Creation of Accounts and Subaccounts in 2023 Second Lien Bonds Subaccount.** (a) Moneys on deposit in the 2023 Second Lien Bonds Subaccount, and in each Account established in it as provided below, shall be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the Series 2023C Second Lien Bonds.

(b) There are by this Fourteenth Supplemental Indenture created by the City and ordered established with the Trustee separate Accounts within the 2023 Second Lien Bonds Subaccount, designated as follows:

(i) 2023C Construction Account: an Account to be designated the “Construction Account: 2023C Second Lien Bonds” (the “*2023C Construction Account*”);

(ii) 2023C Program Fee Account: an Account to be designated the “Series 2023C Second Lien Bonds, Program Fee Account” (the “*2023C Program Fee Account*”);



(iii) 2023C Principal and Interest Account: an Account to be designated the “Series 2023C Second Lien Bonds, Principal and Interest Account” (the “*2023C Principal and Interest Account*”); and

(iv) 2023C Costs of Issuance Account: an Account to be designated the “Series 2023C Second Lien Bonds, Costs of Issuance Account” (the “*2023C Costs of Issuance Account*”).

**Section 4.03. Application of Series 2023C Second Lien Bond Proceeds.** The City shall deposit proceeds received from disbursements made pursuant to the WIFIA Loan Agreement with the Trustee, and the Trustee shall deposit such proceeds as directed in a certificate of the City filed with the Trustee to either (i) the 2023C Construction Account to be applied to payment of Project Costs, as provided in Section 4.06 hereof or (ii) the 2023C Costs of Issuance Account to be applied to payment of Costs of Issuance, as provided in Section 4.08 hereof.

**Section 4.04. Deposits into 2023 Second Lien Bonds Subaccount and Accounts.** On May 1 and November 1 of each year, commencing May 1, 2027 (each such date referred to in this Fourteenth Supplemental Indenture as the “*Deposit Date*”), there shall be deposited into the 2023 Second Lien Bonds Subaccount from amounts on deposit in the Second Lien Bonds Account (other than monies, instruments and securities or any Qualified Reserve Account Credit Instrument on deposit in a Debt Service Reserve Account for any other Series of Second Lien Bonds issued or to be issued) an amount equal to the aggregate of the following amounts, which amounts shall have been calculated by the Trustee and certified by the Chief Financial Officer and transferred by the City to the Trustee in accordance with Section 3.03(b) of the Indenture on or before the Business Day next preceding each such May 1 or November 1, respectively (such aggregate amount with respect to any Deposit Date being referred to in this Fourteenth Supplemental Indenture as the “*2023 Deposit Requirement*”):

(a) for deposit into the 2023C Principal and Interest Account, an amount equal to the 2023C Principal and Interest Account Requirement; and

(b) for deposit into the 2023C Program Fee Account, the amount estimated by the City to be required as of the close of business on the related Deposit Date to pay all Program Fees payable from amounts in the 2023C Program Fee Account during the semi-annual period commencing on such related Deposit Date and, in the case of the initial Deposit Date, any Program Fees payable from the Date of Issuance to, but not including, such initial Deposit Date.

In addition to the 2023 Deposit Requirement, there shall be deposited into the 2023 Second Lien Bonds Subaccount any other moneys received by the Trustee under and pursuant to the Indenture or this Fourteenth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2023 Second Lien Bonds Subaccount or to one or more Accounts in that Subaccount.

Upon calculation by the Trustee of each 2023 Deposit Requirement under this Section, the Trustee shall notify the City of the 2023 Deposit Requirement and the Deposit Date to which



it relates; and shall provide the City with such supporting documentation and calculations as the City may reasonably request.

**Section 4.05. Use of Moneys in the 2023C Principal and Interest Account.** Moneys in the 2023C Principal and Interest Account shall be used for the payment of the principal of, premium, if any, and interest on the Series 2023C Second Lien Bonds, for the redemption of Series 2023C Second Lien Bonds prior to their Maturity Date and for the payment of Section 2.08 Obligations and Section 2.09 Obligations. Funds for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the Series 2023C Second Lien Bonds (including the optional redemption of Series 2023C Second Lien Bonds pursuant to Section 3.01 hereof and not otherwise provided for; and with respect to payments made pursuant to Section 2.08 Obligations and Section 2.09 Obligations), shall be derived from moneys held in the 2023C Principal and Interest Account, ratably, without preference or priority of any kind, except that net payments required to be made by the City from Gross Revenues to a Hedge Counterparty pursuant to a swap agreement authorized under the Indenture that does not satisfy the requirements for qualification as an Interest Rate Hedge Agreement shall be made only from amounts available after the payment of all Second Lien Bonds and termination and other non-scheduled payments made with respect to Section 2.09 Obligations shall be paid on a subordinate basis.

**Section 4.06. Use of Moneys in the 2023C Construction Account and 2023C Program Fee Account.** Moneys deposited into the 2023C Construction Account pursuant to Section 4.03(i) shall be used for the payment of Project Costs, as directed in a certificate of the City filed with the Trustee.

**Section 4.07.** [Reserved]

**Section 4.08. Use of Moneys in the 2023C Costs of Issuance Account.** Moneys on deposit in the 2023C Costs of Issuance Account shall be disbursed and applied to pay, or to reimburse the payment of, Costs of Issuance, as directed in a certificate of the City filed with the Trustee.

**Section 4.09. Non-presentment of Bonds.** In the event any Series 2023C Second Lien Bond shall not be presented for payment when the principal of such Series 2023C Second Lien Bond becomes due, whether at maturity, at the date fixed for redemption or otherwise, if moneys sufficient to pay such Series 2023C Second Lien Bond shall have been made available to the Trustee for the benefit of the Registered Owner of such Series 2023C Second Lien Bond, subject to the provisions of the immediately following paragraph, all liability of the City to the Registered Owner of such Series 2023C Bond for the payment of such Series 2023C Second Lien Bond shall immediately cease; determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys, without for interest on such monies; for the benefit of the Registered Owner of such 2023 Second Lien Bond who shall thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his or her part under the Indenture or on, or with respect to, such Series 2023C Second Lien Bond.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Series 2023C Second Lien Bonds within two years after the date on which the same shall have





become due shall be repaid by the Trustee to the City upon the City's written request, and thereafter the Registered Owners of such Series 2023C Second Lien Bonds shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and all liability of the Trustee with respect to such moneys shall thereupon cease, and the City shall not be liable for any interest on such monies and shall not be regarded as a trustee of such moneys. The obligation of the Trustee under this Section to pay any such funds to the City shall be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of unclaimed property.

**Section 4.10. Moneys Held in Trust.** All moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account referred to in any provision of this Fourteenth Supplemental Indenture shall be held by the Trustee in trust as provided in Section 8.03 of the Indenture, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created by this Fourteenth Supplemental Indenture.

## ARTICLE V

### INVESTMENT OF MONEYS

**Section 5.01. Investment of Moneys.** Moneys held in the funds, accounts and subaccounts established under this Fourteenth Supplemental Indenture, including moneys held for payment of Series 2023C Second Lien Bonds not presented for payment as described in Section 4.10 hereof, shall be invested and reinvested in Permitted Investments in accordance with the provisions governing investments contained in the Indenture; *provided, however*, that moneys in the 2023C Principal and Interest Account representing principal of or interest on the Series 2023C Second Lien Bonds shall only be invested in Governmental Obligations scheduled to mature on the earlier of (i) (A) 30 days from the date of investment (in the case of amounts representing principal of the Series 2023C Second Lien Bonds) or (B) six months from the date of investment (in the case of amounts representing interest payable on the Series 2023C Second Lien Bonds) or (ii) the date upon which such moneys will be required to be used in accordance with this Fourteenth Supplemental Indenture. All such investments shall be held by or under the control of the Trustee and shall be deemed at all times part of the fund, account or subaccount for which they were made.

## ARTICLE VI

### DISCHARGE OF LIEN

**Section 6.01. Defeasance.** If the City shall pay to the Registered Owners of the Series 2023C Second Lien Bonds, or provide for the payment of, the principal, premium, if any, and interest to become due on the Series 2023C Second Lien Bonds, and shall have irrevocably discharged all outstanding principal, accrued interest, fees, expenses and other obligations owed under the WIFIA Loan Agreement in immediately available funds, then this Fourteenth Supplemental Indenture shall be fully discharged and satisfied. Upon the satisfaction and discharge of this Fourteenth Supplemental Indenture, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such



discharge and satisfaction, and all fiduciaries shall pay over or deliver to the City all funds, accounts and other moneys or securities held by them pursuant to this Fourteenth Supplemental Indenture which are not required for the payment or redemption of the Series 2023C Second Lien Bonds.

If the City shall pay and discharge the Series 2023C Second Lien Bonds as provided above, the Registered Owners of the Series 2023C Second Lien Bonds shall cease to be entitled to any lien, benefit or security under the Indenture.

The provisions of this Section 6.01 are subject in all respects to the provisions of Sections 9.01 and 9.02 of the Indenture and the WIFIA Loan Agreement.

## **ARTICLE VII**

### **REMEDIES**

The provisions of Article VII of the Indenture shall be applicable to any Event of Default which shall have occurred and be continuing under this Fourteenth Supplemental Indenture.

Under no circumstance may the Trustee declare the principal of or interest on the Series 2023C Second Lien Bonds to be due and payable prior to the Maturity Date following the occurrence of an Event of Default under the Indenture or this Fourteenth Supplemental Indenture.

## **ARTICLE VIII**

### **TRUSTEE AND PAYING AGENT**

#### **Section 8.01. Acceptance of Trusts.**

(a) The Trustee accepts the trusts imposed upon it by this Fourteenth Supplemental Indenture, and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth in this Fourteenth Supplemental Indenture and in the Indenture. Except as otherwise expressly set forth in this Fourteenth Supplemental Indenture, the Trustee assumes no duties, responsibilities or liabilities by reason of its execution of this Fourteenth Supplemental Indenture other than as set forth in the Indenture and this Fourteenth Supplemental Indenture, and this Fourteenth Supplemental Indenture is executed and accepted by the Trustee subject to all the terms and conditions of its acceptance of the trust under the Indenture, as fully as if said terms and conditions were set forth at length in this Fourteenth Supplemental Indenture. Notwithstanding the provisions of Section 8.04 or 8.05 of the Indenture, the Trustee shall have no lien or security interest in and to amounts in the 2023C Principal and Interest Account for the purpose of paying the fees or expenses of the Trustee or any Paying Agent. Notwithstanding any provision of the Indenture to the contrary, the Trustee may not resign or be removed until a successor Trustee shall have been appointed as provided in the Indenture.

(b) The Trustee may appoint a Trustee's Agent with power to act on its behalf and subject to its direction in the authentication, registration and delivery of Series 2023C Second Lien Bonds of any Series in connection with transfers and exchanges hereunder, as fully to all



intents and purposes as though such Trustee's Agent had been expressly authorized by this Fourteenth Supplemental Indenture to authenticate, register and deliver such Series 2023C Second Lien Bonds. The foregoing notwithstanding, the Trustee need not appoint a Trustee's Agent for as long as the Trustee shall have an office in New York, New York capable of handling the duties of Trustee's Agent hereunder. Any Trustee's Agent appointed pursuant to this Section shall evidence its acceptance by a certificate filed with the Trustee and the City. For all purposes of this Fourteenth Supplemental Indenture, the authentication, registration and delivery of Series 2023C Second Lien Bonds by the Trustee or any Trustee's Agent pursuant to this Section shall be deemed to be the authentication, registration and delivery of such Series 2023C Second Lien Bonds "by or to the Trustee." Such Trustee's Agent shall at all times be a commercial bank having an office in New York, New York, and shall at all times be a corporation organized and doing business under the laws of the United States or of any state with combined capital and surplus of at least \$15,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or state authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any Trustee's Agent appointed hereunder shall also be a Paying Agent for purposes of this Fourteenth Supplemental Indenture

**Section 8.02. Dealing in Series 2023C Second Lien Bonds.** The Trustee, in its individual capacity, may buy, sell, own, hold and deal in the Series 2023C Second Lien Bonds, and may join in any action which the Registered Owner of any Series 2023C Second Lien Bond may be entitled to take with like effect as if it did not act in any capacity under this Fourteenth Supplemental Indenture. The Trustee, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City, and may act as depository, trustee or agent for any committee or body of the Registered Owners of the Series 2023C Second Lien Bonds secured by this Fourteenth Supplemental Indenture or other obligations of the City as freely as if it did not act in any capacity under this Fourteenth Supplemental Indenture.

**Section 8.03. Paying Agent.**

(a) The Trustee is hereby appointed Paying Agent for the Series 2023C Second Lien Bonds. The City may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in subsection (c) below for a successor Paying Agent.

(b) The Trustee hereby accepts the duties and obligations imposed upon it as Paying Agent by this Fourteenth Supplemental Indenture. Each other Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Fourteenth Supplemental Indenture by executing and delivering to the City and to the Trustee a written acceptance thereof.

(c) Any Paying Agent may at any time resign and be discharged of the duties and obligations imposed upon it by this Fourteenth Supplemental Indenture by giving at least 60 days' written notice to the City and the Trustee, and such resignation shall take effect upon the day specified in such notice but only if a successor shall have been appointed as provided herein. Any Paying Agent appointed by the City may be removed at any time by an instrument signed



by the Chief Financial Officer and filed with such Paying Agent and the Trustee. The Trustee may at any time terminate the agency of any Paying Agent appointed by it by giving written notice of such termination to such Paying Agent and the City. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Paying Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Paying Agent shall give written notice of such appointment to the City and shall mail notice of such appointment to all Owners of Series 2023C Second Lien Bonds. Any successor Paying Agent shall be appointed by the City and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association; having capital stock and surplus aggregating at least \$15,000,000, or shall be a wholly-owned subsidiary of such an entity, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Fourteenth Supplemental Indenture.

(d) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee and shall be subject to audit of all of its books, records and accounts with respect to the Bonds.

## ARTICLE IX

### SUPPLEMENTAL INDENTURES

**Section 9.01. Supplemental Indentures.** This Fourteenth Supplemental Indenture may be supplemented and amended in the manner set forth in Articles V and VI, respectively, of the Indenture and in accordance with the terms of the WIFIA Loan Agreement.

Additionally, this Fourteenth Supplemental Indenture may, without the consent of, or notice to, any of the Bondholders, be supplemented and amended, in such manner as shall not be inconsistent with the terms and provisions of this Fourteenth Supplemental Indenture or the Indenture, for any one or more of the following purposes:

- (a) to provide for certificated Series 2023C Second Lien Bonds; and
- (b) to secure or maintain ratings from any Rating Agency in the highest long-term debt rating category of such Rating Agency which are available for the Series 2023C Second Lien Bonds, which changes will not restrict, limit or reduce the obligation of the City to pay the principal of, premium, if any, and interest on such Series 2023C Second Lien Bonds as provided in the Indenture or otherwise adversely affect the Registered Owners of such Series 2023C Second Lien Bonds under the Indenture.

## ARTICLE X

### MISCELLANEOUS

**Section 10.01. Fourteenth Supplemental Indenture as Part of Indenture.** This Fourteenth Supplemental Indenture shall be construed in connection with, and as a part of, the Indenture, and all terms, conditions and covenants contained in the Indenture, except as provided





in the Indenture or as modified or supplemented in this Fourteenth Supplemental Indenture and shall apply and be deemed to be for the equal benefit, security and protection of the Bondholders.

**Section 10.02. Severability.** If any provision of this Fourteenth Supplemental Indenture shall be held or deemed to be, or shall, in fact, be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions contained in this Fourteenth Supplemental Indenture or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 10.03. Payments Due on Saturdays, Sundays and Holidays.** If the date for making any payment, or the last date for the performance of any act or the exercise of any right, as provided in this Fourteenth Supplemental Indenture, shall not be a Business Day, such payment may be made, act performed or right exercised on the next Business Day with the same force and effect as if done on the nominal date provided in this Fourteenth Supplemental Indenture, and no interest shall accrue for the period after such nominal date.

**Section 10.04. Counterparts.** This Fourteenth Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 10.05. Rules of Interpretation.** Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed.

**Section 10.06. Captions.** The captions and headings in this Fourteenth Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Fourteenth Supplemental Indenture.



**IN WITNESS WHEREOF**, City has caused these presents to be executed in its name and with its official seal affixed with this Fourteenth Supplemental Indenture and attested by its duly authorized officials; and to evidence its acceptance of the trusts created by this Fourteenth Supplemental Indenture, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal affixed with this Fourteenth Supplemental Indenture and attested by its duly authorized officers, as of the date first above written.

**CITY OF CHICAGO**

By: 

City Comptroller

[SEAL]

Attest:

By: 

City Clerk

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee**

By: 

Authorized Signatory

[SEAL]

Attest:

By: 

Authorized Signatory

FOURTEENTH SUPPLEMENTAL INDENTURE

39337464.11/152996.00014



*Exhibit A*  
*Form of Series 2023C Second Lien Bond*

**UNITED STATES OF AMERICA**

**STATE OF ILLINOIS**

**CITY OF CHICAGO**

**SECOND LIEN WATER REVENUE BONDS,**

**PROJECT SERIES 2023C (TAXABLE)**

Number R-1 \$336,000,000

MATURITY DATE	INTEREST RATE	ORIGINAL ISSUE DATE	CUSIP
November 1, 2056	5.14%	October 20, 2023	167736 U70

REGISTERED OWNER: UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency

PRINCIPAL AMOUNT: THREE HUNDRED THIRTY-SIX MILLION DOLLARS (excluding capitalized interest)

The City of Chicago (the “City”), a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay (but only out of the sources provided below) to the Registered Owner identified above, or registered assigns (the “WIFIA Lender”), on the Maturity Date specified above upon presentation and surrender of this Series 2023C Second Lien Bond, the Principal Amount specified above, and to pay (but only out of the sources provided below) interest on the balance of said Principal Amount from time to time remaining unpaid from and including the original issue date specified above, or from and including the most recent Interest Payment Date (as defined in the Fourteenth Supplemental Indenture, as such term is defined below) with respect to which interest has been paid or duly provided for, until payment of said Principal Amount has been made or duly provided for, as more fully described in that certain WIFIA Loan Agreement, dated as of the date hereof, between the WIFIA Lender and the City (the “WIFIA Loan Agreement”).

*The Series 2023C Second Lien Bonds are limited obligations of the City and shall not constitute an indebtedness of the City or a loan of credit thereof within the meaning of any Constitutional or statutory provision or limitation as to indebtedness. The Series 2023C Second Lien Bonds do not have a claim for payment from any taxes of the City. Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision of the State of Illinois is pledged to the payment of the principal of the Series 2023C Second Lien Bonds, or the interest or any premium on the Series 2023C Second Lien Bonds. The Series*



*2023C Second Lien Bonds are payable solely from the Trust Estate (as defined in the Fourteenth Supplemental Indenture) pledged to such payment under the Indenture and certain other monies held by or on behalf of the Trustee.*

The principal of and premium, if any, on this Series 2023C Second Lien Bond shall be payable at the designated corporate trust office of the Trustee or upon presentation and surrender of this Series 2023C Second Lien Bond.

Interest on this Series 2023C Second Lien Bond shall be paid by check mailed on the Interest Payment Date to the person appearing on the Bond Register as the Registered Owner of this Series 2023C Second Lien Bond as of the close of business of the Trustee on the Record Date at the address of such Registered Owners as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such Registered Owner not later than the Record Date. Payment of interest on this Series 2023C Second Lien Bond shall be made to a Registered Owner of One Million Dollars (\$1,000,000) or more in aggregate principal amount of Series 2023C Second Lien Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to such Registered Owner on such Interest Payment Date upon written notice from such Registered Owner containing the wire transfer address within the United States to which such Registered Owner wishes to have such wire directed, which written notice is received not later than the Business Day next preceding the Record Date.

Interest accrued on this Series 2023C Second Lien Bond shall be paid in arrears on each Interest Payment Date. Interest on this Series 2023C Second Lien Bond shall be computed upon the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months.

*General.* This Series 2023C Second Lien Bond is one of an authorized series of bonds limited in aggregate principal amount to \$336,000,000 (the “Series 2023C Second Lien Bonds”) issued pursuant to, under authority of and in full compliance with the Constitution and laws of the State of Illinois, particularly Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois and an ordinance of the City Council of the City, and executed under an Amended and Restated Master Indenture of Trust, dated as of May 1, 2023, as heretofore and hereafter supplemented (the “Master Indenture”), including by a Fourteenth Supplemental Indenture, dated as of October 1, 2023 (the “Fourteenth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), from the City to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), for any one or more of the purposes of (1) paying Project Costs and (2) paying Costs of Issuance of the Series 2023C Second Lien Bonds. The Series 2023C Second Lien Bonds and the interest on them are payable from Net Revenues (as defined in the Indenture) and amounts on deposit in the 2023C Construction Account established under the Indenture and the accounts of the Water Fund established under the Indenture (except for amounts on deposit in the Senior Lien Rebate Accounts, the Subordinate Lien Obligations Account, the Commercial Paper Account and the Line of Credit Notes Account).

As provided in the Indenture, additional bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture. The aggregate principal amount of bonds that may be issued pursuant to the Indenture





is not limited, except as provided in the Indenture and ordinances authorizing those additional bonds, and all bonds issued and to be issued pursuant to the Indenture, including the Series 2023C Second Lien Bonds, are and will be equally secured by the pledges and covenants made in the Series 2023C Second Lien Bonds, except as otherwise provided or permitted in the Indenture.

Copies of the Indenture are on file at the principal corporate trust office of the Trustee, and reference to the Indenture and any and all supplements to it and modifications and amendments of it is made for a description of the pledge and covenants securing the Series 2023C Second Lien Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the Registered Owners of the Series 2023C Second Lien Bonds and the limitations on such rights and remedies.

The Series 2023C Second Lien Bonds are subject to optional redemption prior to maturity as provided in the Fourteenth Supplemental Indenture.

*Limited Obligation.* The Series 2023C Second Lien Bonds are issued pursuant to an ordinance adopted by the City Council of the City, which ordinance authorizes the execution and delivery of the Indenture. The Series 2023C Second Lien Bonds are limited obligations of the City payable solely from the Trust Estate pledged therefor under the Indenture.

No recourse shall be had for the payment of the principal of premium, if any, or interest on any of the Series 2023C Second Lien Bonds or for any claim based on the Series 2023C Second Lien Bonds or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, employee or agent, or member of the City Council, of the City, or any successor to the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, employee or agent, or member of the City Council, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Series 2023C Second Lien Bonds.

*Registration.* This Series 2023C Second Lien Bond is transferable by the Registered Owner of this Series 2023C Second Lien Bond in person or by such Registered Owner's attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture.

*Restrictions on Transfer.* The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date and (b) other than with respect to a sale or transfer to another Governmental Authority within the Federal Government, the Final Disbursement Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of Section 33 (*Sale of WIFIA Loan*) of the WIFIA Loan Agreement. Any such sale or reoffering to anyone other than another Governmental Authority within the Federal Government shall be to either (i) an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, that in either



case has provided an investor letter in the form attached as Exhibit J (*Form of Investor Letter*) to the WIFIA Loan Agreement. Capitalized terms used in this paragraph and not defined in this Series 2023C Second Lien Bonds shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

*Discharge.* Provision for payment of all or any portion of the Series 2023C Second Lien Bonds may be made, and the Indenture may be discharged in the manner provided in the Indenture and the WIFIA Loan Agreement.

*Miscellaneous.* The Registered Owner of this Series 2023C Second Lien Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants, the Indenture, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect to the Indenture, except as provided in the Indenture.

IT IS CERTIFIED, RECITED AND DECLARED that all acts and conditions required to be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2023C Second Lien Bond have been performed in due time, form and manner as required by law, and that the issuance of this Series 2023C Second Lien Bond and the series of which it forms a part does not exceed or violate any constitutional or statutory limitation.

This Series 2023C Second Lien Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the City of Chicago has caused this Series 2023C Second Lien Bond to be executed in its name by the manual or facsimile signature of its Mayor and the manual or facsimile of its corporate seal to be printed on this Series 2023C Second Lien Bond and attested by the manual or facsimile signature of its City Clerk.

CITY OF CHICAGO

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk



CERTIFICATE OF AUTHENTICATION

This Series 2023C Second Lien Bond is one of the Series 2023C Second Lien Bonds described in the within-mentioned Indenture.

Authentication Date: \_\_\_\_\_

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

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









EXHIBIT C

EVIDENCE OF COMPLIANCE WITH ADDITIONAL BONDS TEST

[Attached to the record of proceedings as Schedule II to Document No. 11.]





**Compliance with Additional Bonds Test and Rate Covenant for Chicago Water System  
Second Lien and Subordinated Debt  
(based upon Audited 2022 Revenue and Expenses)**

**City of Chicago Water System: Compliance with ABT and Rate Covenant**

	2022 Audit Figures
Total Operating Revenues for the Fiscal Year ending 06/30/2022	\$ 785,327
Other Operating Revenues	\$ (5,513)
<b>Net Operating Revenues</b>	<b>\$ 779,814</b>
Operating Expenses for the Fiscal Year ending 06/30/2022	\$ (430,484)
Interest income	\$ 349,330
<b>Net Revenues</b>	<b>\$ (66,924)</b>
Pension expense other than contribution	\$ 282,406
Other Available Funds for Debt Service	\$ (9,900)
<b>Net Revenue available for bonds</b>	<b>\$ 461,100</b>
<i>Water Rate Stabilization Account (not included)</i>	<b>\$ 733,606</b>
<b>Combined MADS for all Second Lien Bonds (including WIFIA loan)</b>	<b>\$ 85,821</b>
MADS for Series 2023C Bonds' WIFIA Loan	<b>\$ 196,705</b> <i>year 2024</i>
<b>Debt Service Coverage for Combined MADS Second Lien Bonds' New and Existing</b>	<b>\$ 83,241</b> <i>year 2052</i>
<b>Minimum requirement per Master Trust Indenture, 14th Supplemental Indenture</b>	<b>3.73x</b>
<b>Minimum requirement for rate covenant</b>	<b>1.10x</b>
<b>Combined MADS for all Second Lien Bonds (including WIFIA loan) and Subordinated Loans (IEPA)</b>	<b>\$ 235,871</b> <i>year 2024</i>
<b>Debt Service Coverage for Combined MADS Second Lien and Subordinated Water Revenue Bonds</b>	<b>3.11x</b>



EXHIBIT D

WRITTEN ORDER OF THE CITY COMPTROLLER

[Attached to the record of proceedings as Document No. 13.]



**\$336,000,000**  
**CITY OF CHICAGO**  
**SECOND LIEN WATER REVENUE BONDS,**  
**PROJECT SERIES 2023C TAXABLE**

**WRITTEN ORDER**  
**OF THE CITY COMPTROLLER OF THE CITY OF CHICAGO**

October 20, 2023

The Bank of New York Mellon  
Trust Company, N.A., as Trustee  
2 North LaSalle Street, Suite 700  
Chicago, Illinois 60602

Ladies and Gentlemen,

The undersigned, Chasse Rehwinkel, certify that I am the duly appointed and qualified City Comptroller (the “**City Comptroller**”) of the City of Chicago (the “**City**”), and, as such official, I am delivering this Written Order to you, pursuant to Section 2.06(c) of the Amended and Restated Master Indenture of Trust, dated as of May 1, 2023 (the “**Amended and Restated Master Indenture**”), from the City to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “**Trustee**”). All capitalized terms used and not otherwise defined herein have the respective meanings assigned thereto in the Amended and Restated Master Indenture.

1. **Request and Authorization to Authenticate the Series 2023 Bonds; Purchase Price.** The City has heretofore caused to be delivered to you, duly executed, the \$336,000,000 CITY OF CHICAGO SECOND LIEN WATER REVENUE BONDS, PROJECT SERIES 2023C TAXABLE (the “**Series 2023C Bonds**”).

The Series 2023C Bonds are authorized to be issued pursuant to the Amended and Restated Master Indenture and the Fourteenth Supplemental Indenture, dated as of October 1, 2023 (the “**Fourteenth Supplemental Indenture**” and, together with the Amended and Restated Master Indenture, the “**Indenture**”), from the City to the Trustee.

As Trustee under the Indenture, you have received the documents required by the Amended and Restated Master Indenture to be received by you as conditions precedent to the delivery of the Series 2023C Bonds.

You are hereby requested, directed and authorized to authenticate the Series 2023C Bonds in accordance with the provisions of the Indenture.

2. **Purpose of the Issuance.** The proceeds from the sale of the Series 2023C Bonds will be used to (i) finance the costs of the program of improvements and extensions to the Water





System designated by the Commissioner, including, but not limited to, constructing and installing water mains, rehabilitating, upgrading, replacing, repairing, renovating, improving and extending facilities at the water purification plants, improving and extending facilities at any or all of the pumping stations, providing any and all necessary facilities, services and equipment to protect and enhance the safety, integrity and security of the Water System, providing new equipment and technology and rehabilitating existing equipment necessary to continue to provide existing and future customers with the quality and quantity of water required and to meet future customer demand; and Public-Side Lead Service Line Replacement; and (ii) pay costs of issuance of the Series 2023C Bonds.

3. **Serial Bonds and Term Bonds.** The Series 2023A Bonds shall be issued as a single serial bond.

4. **Dated Date, Maturity, Principal Amount and Interest Rate.** The Series 2023C Bonds shall be dated their date of delivery and shall mature on November 1, 2056 in the principal amount of \$336,000,000, and shall bear interest at the rate of 5.14% per annum.

5. **Redemption Prior to Maturity.** The Series 2023C Bonds are subject to optional redemption, prior to maturity at the option of the City, in whole on any date or in part on any Interest Payment Date, at a price of par plus accrued interest to the redemption date.

6. **Interest.** Interest on the Series 2023C Bonds will be payable on each May 1 and November 1, commencing May 1, 2027. Interest shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each.

7. **Record Date.** In accordance with the Indenture, the Record Date for the Series 2023C Bonds shall be each April 15 and October 15 (whether or not a Business Day).

8. **Authorized Denominations, Lettering and Numbering.** The Series 2023C Bonds shall be in fully registered form and shall be in denominations of \$1,000,000 and any integral multiple of \$1 in excess thereof. The Series 2023C Bonds shall be numbered 2023C R-1.

9. **Forms of Series 2023C Bonds.** The form and provisions of the Series 2023C Bonds and the Trustee's certificate of authentication thereon shall be substantially as set forth in Exhibit A to the Fourteenth Supplemental Indenture.

11. **Transaction Documents.** The following documents, certificates, directions and deposits have been furnished to you as the Trustee under the Indenture pursuant to the respective provisions of such documents: (i) certified copies of Ordinances adopted by the City Council of the City (the "City Council") on November 7, 2022 and October 4, 2023 authorizing the execution and delivery by the City of the Twelfth Supplemental Indenture, the Amended and Restated Master Indenture and the Fourteenth Supplemental Indenture; (ii) the Twelfth Supplemental Indenture, (iii) the Amended and Restated Master Indenture; (iv) the Fourteenth Supplemental Indenture; (v) an Omnibus Certificate of the City Comptroller certifying no Event of Default under the Amended and Restated Master Indenture, evidencing compliance with the rate covenant set forth in the Amended and Restated Master Indenture, evidencing compliance with the additional bonds test set forth in the Amended and Restated Master Indenture and certifying satisfaction of the



conditions precedent to the issuance of the Series 2023C Bonds set forth in the Amended and Restated Master Indenture; and (vi) the opinion of Corporation Counsel of the City.

[SIGNATURE ON THE FOLLOWING PAGE]



IN WITNESS WHEREOF, I have executed and delivered this Written Order of the City Comptroller of the City of Chicago in the name and on behalf of the City of Chicago as of the 20th day of October, 2023.

**CITY OF CHICAGO**

By: 

Name: Chasse Rehwinkel

Title: City Comptroller

[SIGNATURE PAGE – WRITTEN ORDER OF THE CITY COMPTROLLER]

