

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA LOAN AGREEMENT

For Up to \$108,000,000

With

CITY OF STOCKTON

And

STOCKTON PUBLIC FINANCING AUTHORITY

For the

**REGIONAL WASTEWATER CONTROL FACILITY
MODIFICATIONS PROJECT
(WIFIA – N18126CA)**

Dated as of September 30, 2020

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WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this “**Agreement**”), dated as of September 30, 2020, is by and among the **CITY OF STOCKTON**, a municipal corporation and chartered city duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “**State**”) and its charter, with an address at 425 N. El Dorado Street, Stockton, California 95202 (the “**City**”), the **STOCKTON PUBLIC FINANCING AUTHORITY**, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State, with an address at 425 N. El Dorado Street, Stockton, California 95202 (the “**Authority**”) and 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 “**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, as amended by Section 1445 of the Fixing America’s Surface Transportation Act of 2015, as further amended by Section 5008 of the Water Infrastructure Improvements For the Nation Act of 2016 and by Section 4201 of America’s Water Infrastructure Act of 2018 (collectively, as the same may be amended from time to time, the “**Act**” or “**WIFIA**”), which is codified as 33 U.S.C. §§ 3901-3914;

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 Authority is a joint exercise of powers entity duly organized and existing under and pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended (the “**JPA Act**”);

WHEREAS, the JPA Act authorizes and empowers the Authority to issue revenue bonds to assist the City in financing public capital improvements;

WHEREAS, the City desires to finance the Project (as defined herein);

WHEREAS, the Authority and the City have determined that the financing of the Project is necessary and proper for the City and is in the public interest, and the Authority has determined to assist the City in the foregoing;

WHEREAS, the City has requested that the WIFIA Lender make the WIFIA Loan (as defined herein) in a principal amount not to exceed \$108,000,000 to be used to pay the Eligible Project Costs (as defined herein) related to the Project (as defined herein) pursuant to the application for WIFIA financial assistance dated September 4, 2019 (the “**Application**”);

WHEREAS, in connection therewith, the City has entered into an Installment Purchase Contract with the Authority (as more particularly defined herein, the “**2020 Installment Purchase**”

Contract) pursuant to which the City will purchase a portion of the Project consisting of the Eligible Project Costs funded by the WIFIA Loan from the Authority in exchange for the payment of installment payments by the City to the Authority, such installment payments being secured by a pledge of certain net revenues of the System (as defined herein);

WHEREAS, in order to achieve the foregoing, the Authority has authorized the issuance of its Wastewater Revenue Bond, Series 2020 (Regional Wastewater Control Facility Modifications Project) (WIFIA – N18126CA) (as more particularly defined herein, the “**WIFIA Bond**”), pursuant to the JPA Act in the aggregate principal amount of \$108,000,000;

WHEREAS, as of the date hereof, the Administrator has approved WIFIA financial assistance for the Project 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 City through the purchase of the WIFIA Bond (as defined herein) by disbursement of the WIFIA Loan, upon the terms and conditions set forth herein;

WHEREAS, the Authority agrees to repay any amount due pursuant to this Agreement and the WIFIA Bond in accordance with the terms and provisions hereof and of the WIFIA Bond and the City agrees to pay the 2020 Installment Payments (as defined herein) and the Other WIFIA Payments (as defined herein) pursuant to the 2020 Installment Purchase Contract in accordance with the terms and provisions thereof; and

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

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 among the City, the Authority and the WIFIA Lender as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1. Definitions.

Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 or as otherwise defined in this Agreement. 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.

“**Acceptable Credit Rating**” means, with respect to any Person, the rating of its unsecured, senior long-term indebtedness (or, if such Person has no such rating, then its issuer rating or corporate credit rating) is no lower than (a) at the time such Person executes, delivers or issues a

Qualified Hedge, a Credit Facility, or a repurchase agreement, ‘A+’, ‘A1’ or the equivalent rating from each Nationally Recognized Rating Agency that provides a rating on such Person’s unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable; and (b) at any time thereafter, ‘A’, ‘A2’ or the equivalent rating from each Nationally Recognized Rating Agency that provides a rating on such Person’s unsecured, senior long-term indebtedness or that provides an issuer rating or corporate credit rating for such Person, as applicable.

“**Accreted Value**” means, with respect to any Capital Appreciation Obligations, as of any Valuation Date or for any period, the amount set forth for such date or period as determined in accordance with the Issuing Documents authorizing such Capital Appreciation Obligations.

“**Act**” means the Act as defined in the recitals hereto.

“**Additional Parity Obligations**” means any obligation (including, but not limited to, any installment payment obligation) payable on a parity with outstanding Parity Obligations from Net System Revenues permitted under Section 15(a) (*Negative Covenants – Indebtedness*) and under the 2020 Installment Purchase Contract, which Parity Obligations are issued or incurred after the Effective Date.

“**Additional Principal Project Contracts**” means (a) any contract, agreement, letter of intent, understanding or instrument listed in Part B of **Schedule 12(n)** (*Principal Project Contracts*) and (b) any other contract, agreement, letter of intent, understanding or instrument entered into by (or on behalf of) the City after the Effective Date with respect to the Project that is agreed between the City and the WIFIA Lender to be designated as an Additional Principal Project Contract.

“**Additional Subordinate Obligations**” means any Subordinate Obligations permitted under Section 15(a) (*Negative Covenants – Indebtedness*) and under the 2020 Installment Purchase Contract, which Subordinate Obligations are issued or incurred on or after the Effective Date.

“**Additional System Obligations**” means Additional Parity Obligations and Additional Subordinate Obligations.

“**Adjusted Net System Revenues**” means, for any City Fiscal Year, the Net System Revenues for such City Fiscal Year less, to the extent included in the calculation of Net System Revenues for such City Fiscal Year, all amounts referred to in clause (G) of the definition of Parity Debt Service received or expected to be received by the City or a fiduciary, on behalf of the City, in such City Fiscal Year.

“**Administrator**” has the meaning provided in the preamble hereto.

“**Agreement**” has the meaning provided in the preamble hereto.

“**Anticipated WIFIA Loan Disbursement Schedule**” means the schedule set forth in **Exhibit B** (*Anticipated WIFIA Loan Disbursement 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(c) (*Disbursement Conditions*).

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption.

“Anti-Money Laundering Laws” means all U.S. and other applicable laws, rules and regulations of any jurisdiction from time to time concerning or related to anti-money laundering, including but not limited to those contained in the Bank Secrecy Act and the Patriot Act.

“Application” has the meaning provided in the recitals hereto.

“Appreciated Value” means, with respect to any Deferred Income Obligation as of any Valuation Date or for any period, the amount set forth for such date or period as determined in accordance with the Other Indenture authorizing such Deferred Income Obligation.

“Authority” has the meaning provided in the preamble hereto.

“Authority Resolution” means Resolution No. [] of the Authority adopted on September 29, 2020 authorizing the Authority to enter into the 2020 Installment Purchase Contract, the 2020 Indenture and this Agreement, and the issuance of the WIFIA Bond and delivery of the WIFIA Bond to the WIFIA Lender.

“Authority Revenues” means all 2020 Installment Payments paid by the City and received by the Authority, its successors and assigns, together with all income from any investment on any funds or accounts established pursuant to the 2020 Indenture.

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

“Balloon Obligation” means any System Obligation designated as such in such obligation or in the related Issuing Document.

“Balloon Payments” means any payments designated as such in any Balloon Obligation or in the related Issuing Document.

“Bank Secrecy Act” means the Bank Secrecy Act of 1970, as amended, and the regulations promulgated thereunder.

“Bankruptcy Related Event” means, with respect to a City Related Party: (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of a City Related Party 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 a City Related Party 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 or an order or decree approving or ordering any of the foregoing shall be entered; (b) a City Related Party 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) the

City shall fail to make a 2020 Installment Payment in accordance with the provisions of the 2020 Installment Purchase Contract and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment or the Authority shall fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Payment of Principal and Interest*) 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) any Person shall commence a process pursuant to which all or a substantial part of the Collateral 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 Parity Obligations, or (ii) any Person shall commence a process pursuant to which all or a substantial part of the Collateral may be sold or otherwise disposed of pursuant to a sale or disposition of such Collateral in lieu of foreclosure; or (d) any receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official shall transfer, pursuant to directions issued by the Holders of Parity Obligations, funds on deposit in any of the System Accounts upon the occurrence and during the continuation of an Event of Default under this Agreement or an event of default under the Financing Documents for application to the prepayment or repayment of any principal amount of the Parity Obligations other than in accordance with the provisions of the Financing Documents or this Agreement.

“Base Case Financial Model” means a financial model prepared by the City forecasting the capital costs of the System (including the Project) and the rates, revenues, operating expenses and major maintenance requirements of the System for time periods through the Final Maturity Date and based upon assumptions and methodology provided by the City and acceptable to the WIFIA Lender as of the Effective Date, which model shall be provided to the WIFIA Lender as a fully functional Microsoft Excel – based financial model or such other format requested by the WIFIA Lender.

“Bond” means any bonds (including the WIFIA Bond) or any other evidences of indebtedness for borrowed money issued by the Authority from time to time pursuant to the 2020 Indenture and the terms of the applicable Other Indentures.

“Bondholder” or **“Holder”** means, when used with respect to the WIFIA Bond, the WIFIA Lender (and any subsequent registered holder of the WIFIA Bond) and, when used with respect to any other Bond or Obligation, the registered owner of such Bond or Obligation.

“Business Day” means any day other than a Saturday, a Sunday or a day on which offices of the Government 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, Stockton, California or San Francisco, California.

“**Capital Appreciation Obligations**” means any Permitted System Obligations hereafter incurred as to which interest is payable only at the maturity or prior redemption of such Permitted System Obligations.

“**City**” has the meaning provided in the preamble hereto.

“**City Fiscal Year**” means (a) as of the Effective Date, a fiscal year of the City commencing on July 1 of any calendar year and ending on June 30 of the immediately succeeding calendar year or (b) such other fiscal year as the City may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with Section 15(f) (*Negative Covenants – City Fiscal Year*).

“**City Related Party**” means, individually or collectively, the City and the Authority.

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

“**Code**” means the Internal Revenue Code of 1986, or any successor tax code, as amended from time to time, and the applicable regulations proposed or promulgated thereunder.

“**Collateral**” means, individually or collectively, the Pledged Collateral and the Trust Collateral.

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

“**Construction Period**” means the period from the Effective Date through the Substantial Completion Date.

“**Construction Period Servicing Fee**” has the meaning set forth in Section 10(a)(ii) (*Fees and Expenses – Fees*).

“**Construction Schedule**” means (a) the initial schedule or schedules on which the construction timetables for the Project are set forth, attached as **Schedule II** (*Construction Schedule*), and (b) any updates thereto included in the periodic reports submitted to the WIFIA Lender pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*) most recently approved by the WIFIA Lender.

“**Consultant**” means the consultant, consulting firm, financial consultant, financial consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts or carry out the duties provided for such consultant in this Agreement and the 2020 Installment Purchase Contract. Such consultant, consulting firm, financial consultant, financial consulting firm, engineer, architect, engineering firm or architectural firm shall be nationally or regionally recognized within its profession for work of the character required. Any such accountants or accounting firms shall be an Independent Certified Public Accountant licensed to practice in the State.

“**Control**” means, when used with respect to any particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such

Person, whether through the ownership of voting securities or partnership or other ownership interests, by contract or otherwise, and the terms “**Controlling**” and “**Controlled by**” have meanings correlative to the foregoing.

“**Coverage Requirement**” means, for any City Fiscal Year or any other period, an amount of Adjusted Net System Revenues equal to at least one hundred fifteen percent (115%) of Parity Debt Service for all Outstanding Parity Obligations for such City Fiscal Year or such other period, as applicable.

“**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>.

“**Credit Facility**” means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the City and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity for System Obligations or obligations secured by System Obligations.

“**Credit Facility Provider**” means, with respect to any Credit Facility, the issuer or provider of such Credit Facility.

“**Credit Provider Reimbursement Obligations**” means obligations of the City under a Reimbursement Agreement to repay, from Net System Revenues, amounts advanced by a municipal bond insurance company, bank or other financial institution or organization as credit support or liquidity support for System Obligations or obligations secured by System Obligations, together with any interest on such advances and any related administrative costs.

“**Cultural Resources Consultant**” means Natural Investigations, or any successor cultural resources consultant retained by the City.

“**Debt Service Payment Commencement Date**” means the earliest to occur of (a) the first Interest Payment Date following the date on which proceeds of the first requisition of funds under this Agreement are received by the City or (b) the Payment Date falling closest to, but not later than, the fifth 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**” means an interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) 200 basis points.

“**Deferred Income Obligation**” means any Permitted System Obligation (a) as to which interest accruing thereon prior to the applicable Interest Commencement Date of such Permitted System Obligation is (i) compounded on each Valuation Date for such Deferred Income Obligation and (ii) payable only at the maturity or prior redemption of such Permitted System Obligation and (b) as to which interest accruing after the applicable Interest Commencement Date is payable on

the first interest payment date immediately succeeding the Interest Commencement Date and thereafter on the dates specified in or determined pursuant to the Other Indenture authorizing the Permitted System Obligation. For the purposes of receiving payment of the redemption price if a Deferred Income Obligation is redeemed prior to maturity, the principal amount of a Deferred Income Obligation shall be deemed to be its Appreciated Value.

“**Development Default**” means (a) the City abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the City fails to achieve Substantial Completion of the Project within twelve (12) months following the Projected Substantial Completion Date.

“**Dollars**” and “**\$**” means the lawful currency of the United States of America.

“**Draw Down Obligation**” means a System Obligation which is funded over a period of time such that only the principal amount of funds actually drawn down by the City and disbursed by the lender or registered owner of such Draw Down Obligation shall be considered for purposes of accruing interest and determining Parity Debt Service or Total Debt Service.

“**Effective Date**” means the date of this Agreement.

“**Eligible Project Costs**” means amounts in the Project Budget approved by the WIFIA Lender, which are paid by or for the account of the City 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 Section 3905(8) of Title 33 of the United States Code), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to System 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 law, including the Act.

“**Eligible Project Costs Documentation**” has the meaning provided in Section 1 of Exhibit D (*Requisition Procedures*).

“**EMMA**” means the Electronic Municipal Market Access system as described in 1934 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.

“**Environmental Laws**” has the meaning provided in Section 12(p) (*Representations and Warranties of City Related Parties – Environmental Matters*).

“**EPA**” means the United States Environmental Protection Agency.

“**Event of Default**” has the meaning provided 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 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 Indebtedness**” means any obligation (including, but not limited to, any installment payment obligation) of the City that is secured by a pledge and lien on all or a portion of the System Revenues issued or incurred prior to the Effective Date, as listed and described in **Schedule III** (*Existing Indebtedness*).

“**Existing Principal Project Contract**” means each contract of the City set forth in Part A of **Schedule 12(n)** (*Principal Project Contracts*).

“**Federal Fiscal Year**” means the fiscal year of the 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 Securities**” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, or securities evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such securities.

“**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 Anticipated WIFIA Loan Disbursement Schedule; (c) the date on which the City 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**” means the earlier of (a) September 1, 2051 (or such earlier date as is set forth in an updated **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Principal*

Amortization Schedule)); and (b) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.

“**Financial Statements**” has the meaning provided in Section 12(t) (*Representations and Warranties of City Related Parties – Financial Statements*).

“**Financing Documents**” means the WIFIA Bond, the 2020 Indenture, the 2020 Installment Purchase Contract, this Agreement, each Hedging Agreement, each Credit Facility, each Issuing Document for Parity Obligations, the Authority Resolution, the WIFIA Resolution and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

“**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 United States of America.

“**Government**” means the United States of America and its departments and agencies.

“**Governmental Approvals**” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, 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 United States of America 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.

“**Hedging Agreement**” means (a) the ISDA Master Agreement(s) and any related credit support annex, schedules and confirmations, to be entered into by the City and a Hedging Bank, (b) any other agreement entered into, or to be entered into, by the City and a Hedging Bank for a Hedging Transaction, and (c) any other documentation directly relating to the foregoing.

“**Hedging Bank**” means any Qualified Hedge Provider that becomes a party to a Hedging Agreement and its permitted successors (to the extent such successors are also Qualified Hedge Providers).

“**Hedging Obligations**” means, collectively, the payment of (a) all scheduled amounts payable to the Hedging Banks by the City under the Hedging Agreements (including interest accruing after the date of any filing by the City of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the City), net of all scheduled amounts payable to the City by such Hedging Banks, and (b) all other obligations (including but not limited to, any installment payment obligations), fees, indemnities and other amounts payable by the City to the Hedging Banks under such Hedging Agreements, net of all other indebtedness, fees, indemnities and other amounts payable by the Hedging Banks to the City under such Hedging

Agreements; provided, that Hedging Obligations shall not include Hedging Termination Obligations. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements shall be made in accordance with the terms of the applicable Hedging Agreements.

“Hedging Termination Obligations” means the aggregate amount payable to the Hedging Banks by the City upon the early termination of all or a portion of the Hedging Agreements, net of all amounts payable to the City by such Hedging Banks upon such early termination. For the avoidance of doubt, all calculations of such amounts payable under the Hedging Agreements shall be made in accordance with the terms of the applicable Hedging Agreements.

“Hedging Transaction” means any interest rate protection agreement, interest rate swap transaction, interest rate “cap” transaction, interest rate future, interest rate option or other similar interest rate hedging arrangement commonly used in loan transactions to hedge against interest rate increases (and not for any speculative purpose).

“Inadvertent Discovery Plan” means the final Inadvertent/Unanticipated Discovery Plan for cultural resources prepared by the Cultural Resources Consultant and dated April 2020, describing the procedures to follow should an inadvertent/unanticipated cultural resource be identified during construction.

“Indemnitee” has the meaning provided in Section 32 (*Indemnification*).

“Independent Certified Public Accountant” means any firm of certified public accountants duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the City, and each of whom: (1) is in fact independent and not under the domination of the Authority or the City; (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and (3) is not connected with the Authority or the City as a boardmember or councilmember, officer or employee of the Authority or the City, but which firm may be regularly retained by the Authority or the City to audit the accounting records of the Authority or the City and make reports thereon to the Authority or the City, as applicable.

“Insolvency Laws” means the United States 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 Commencement Date” means, with respect to any particular Deferred Income Obligation, the date determined by the Other Indenture for such Deferred Income Obligation after which interest accruing on such Deferred Income Obligation shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Other Indenture.

“Interest Component” means (a) with respect to a 2020 Installment Payment, the interest component of such 2020 Installment Payment due and payable on the applicable 2020 Installment Payment Date as set forth on the 2020 Installment Payment Schedule, as adjusted to include interest at the Default Rate as set forth in Section 6 (Interest Rate) of this Agreement and the corresponding section of the 2020 Installment Purchase Contract, and (b) with respect to the

aggregate 2020 Installment Payments, all payments of the interest components of the 2020 Installment Payments required to be paid by the City on any date under the 2020 Installment Purchase Contract corresponding to payments on the WIFIA Bond under Section 8 (*Payment of Principal and Interest*) of this Agreement and the corresponding section of the 2020 Installment Purchase Contract, as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement and the corresponding section of the 2020 Installment Purchase Contract.

“Interest Payment Date” means each March 1 and September 1, commencing on the Debt Service Payment Commencement Date.

“Investment Grade Rating” means a public rating no lower than ‘BBB-’, ‘Baa3’, ‘bbb-’, ‘BBB (low)’, or higher, from a Nationally Recognized Rating Agency.

“ISDA Master Agreement” means a master agreement, entered into by the City and a Hedging Bank, in the form published by the International Swaps and Derivatives Association, Inc.

“Issuer” means the Governmental Authority that issues, or provides for the issuance of, Permitted System Obligations pursuant to the Financing Documents.

“Issuing Document” means, collectively and individually, (i) with respect to the 2020 Installment Payments and the 2020 Additional Payments (including the Other WIFIA Payments), the 2020 Installment Purchase Contract and the 2020 Indenture, (ii) with respect to the 2014 Installment Payments, the 2014 Installment Purchase Contract and the 2014 Indenture, (iii) with respect to the 2019 Installment Payments, the 2019 Installment Purchase Contract and the 2019 Indenture and (iv) any installment purchase contract, indenture, trust agreement or other document that provides for the issuance or incurrence of System Obligations.

“JPA Act” means the JPA Act as defined in the recitals hereto.

“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 System, the Project or the System Revenues, (b) the business, operations, properties, condition (financial or otherwise) or prospects of the City, (c) the legality, validity or enforceability of any material provision of any Financing Document or WIFIA Loan Document, (d) the ability of the City Related Parties to enter into, perform or comply with any of its respective material obligations under any Financing

Document or WIFIA Loan Document, (e) the validity, enforceability or priority of the Liens provided under the Financing Documents on the Collateral in favor of the Secured Parties or (f) the WIFIA Lender's rights or remedies available under any WIFIA Loan Document.

“Nationally Recognized Rating Agency” means any nationally recognized statistical rating organization 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” means the Categorical Exclusion for the Project issued by EPA on [___], 20[___] in accordance with NEPA.

“Net Loss Proceeds” means Loss Proceeds after excluding any proceeds of delay-in-start-up insurance and proceeds covering liability of the City to third parties.

“Net System Revenues” means, for any period, the System Revenues during such period, less the Operation and Maintenance Costs during such period.

“Non-Debarment Certificate” means a certificate, signed by the City's Authorized Representative or the Authority's Authorized Representative, as to the absence of debarment, suspension or voluntary exclusion from participation in Government contracts, procurement and non-procurement matters with respect to the City and its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995), substantially in the form attached hereto as **Exhibit C** (*Form of Non-Debarment Certificate*).

“Non-Lobbying Certificate” means a certificate, signed by the City's Authorized Representative, with respect to the prohibition on the use of appropriated funds for lobbying pursuant to 49 C.F.R. § 20.100(b), substantially in the form attached hereto as **Exhibit E** (*Form of Non-Lobbying Certificate*).

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Operating Period Servicing Fee” has the meaning set forth in Section 10(a)(iii) (*Fees and Expenses – Fees*).

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including the expenses of maintenance, repair, billing and collection and other expenses incurred to maintain and preserve the System in good repair and working order, and including all administrative and management costs of the City that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, payments to employee retirement systems, overhead, taxes (if any) and insurance premiums (including payments required to be paid into any self-insurance funds), and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof, any Parity Obligations, but excluding in all cases (i) depreciation, replacement and

obsolescence charges or reserves therefor, (ii) amortization of intangibles, (iii) costs of capital additions, replacements, betterments, extensions or improvements to the System which under Generally Accepted Accounting Principles are chargeable to a capital account, and (iv) charges for the payment of principal and interest on any debt service or other regularly scheduled payments on account of any Parity Obligation or obligation subordinate to the Parity Obligations.

“Organizational Documents” means: (a) the constitutional and statutory provisions that are the basis for the existence and authority of the City Related Parties, including any enabling statutes, ordinances or public charters and any other organic laws establishing such City Related Parties: with respect to the City, means its Charter and with respect to the Authority, means the JPA Act and (b) the resolutions, bylaws, code of regulations, operating procedures or other organizational documents (including any amendments, modifications or supplements thereto) of or adopted by the City Related Parties by which such City Related Parties, its powers, operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived.

“Other Indenture” means an indenture entered into by the Authority and the Wells Fargo Bank, National Association, as trustee, providing for the issuance of Additional Parity Obligations or Additional Subordinate Obligations.

“Other WIFIA Payments” means amounts payable by the City under the WIFIA Loan Agreement, including but not limited to, payments to be made pursuant to Section 10 (*Fees and Expenses*), other than payments required to be made with respect to principal of and interest on the WIFIA Bond. The Other WIFIA Payments are payable as 2020 Additional Payments pursuant to the 2020 Installment Purchase Contract.

“Outstanding” means, with respect to System Obligations, System Obligations that have not been cancelled or legally defeased or discharged pursuant to Section 14(r) (*Affirmative Covenants — Covenants Regarding Other System Obligations*). With respect to the WIFIA Bond, the (i) entire amount available to be drawn under this Agreement (including amounts drawn and amounts that remain available to be drawn), less (ii) any amount that has been irrevocably determined will not be drawn under this Agreement, less (iii) the aggregate principal amount of the WIFIA Bond that has been repaid.

“Parity Debt Service” means, with respect to any Parity Obligation for any period of calculation, those portions of the payments of interest on and principal and redemption premiums, if any, or other regularly scheduled payments required to be made during such period under such Parity Obligation, less any such interest that is to be paid from proceeds of such Parity Obligation, less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds and capitalized interest funds established for such Parity Obligation; provided, that for purposes of the calculation of Parity Debt Service, the following shall apply:

(A) Interest on Variable Interest Rate Obligations. Interest on any Variable Interest Rate Obligation shall be assumed to bear interest at a fixed rate equal to the higher of:

(1) the actual rate on the date of calculation, or if such Parity Obligation is not yet outstanding, the initial rate (if established and binding); or

(2) if such Parity Obligation has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Parity Obligation has not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Parity Obligation to be issued.

(B) Interest on Parity Obligations with respect to which a Payment Agreement is in force. For purposes of the definition of Parity Debt Service, interest deemed to be payable on any Parity Obligation with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of such Parity Obligation and such Payment Agreement, including but not limited to the effects that (i) such Parity Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a Variable Interest Rate instead shall be treated as an obligation bearing interest at a fixed interest rate, and (ii) such Parity Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a fixed interest rate instead shall be treated as an obligation bearing interest at a Variable Interest Rate; and accordingly, the amount of interest deemed to be payable on any Parity Obligation with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Parity Obligation plus the applicable Payment Agreement Payments minus the applicable Payment Agreement Receipts, and for the purpose of calculating as nearly as practicable the Payment Agreement Receipts and the Payment Agreement Payments under such Parity Obligation, the following assumptions shall be made:

(1) City Obligated to Pay Net Variable Payments. If a Payment Agreement has been entered into by the City with respect to a Parity Obligation resulting in the payment of a net variable interest rate with respect to such Parity Obligation and Payment Agreement by the City, the interest rate on such Parity Obligation for future periods when the actual interest rate cannot yet be determined shall be assumed, during the period the Payment Agreement is in effect, to be equal to the sum of (i) the fixed rate or rates stated in such Parity Obligation, minus (ii) the fixed rate paid by the counterparty to the City, plus (iii) the lesser of (A) the interest rate cap, if any, provided by the counterparty with respect to such Payment Agreement (but only during the period that such interest rate cap is in effect) and (B) the higher of (x) the actual variable rate or rates payable by the City to the Counterparty pursuant to the Payment Agreement on the date of calculation, or if such Payment Agreement is not yet outstanding, the initial rate (if established and binding) and (y) if such Payment Agreement has been in effect for at least twelve months, the average variable rate or rates payable by the City to the counterparty pursuant to the Payment Agreement over the twelve months immediately preceding the date of calculation, or if such Payment Agreement has not been outstanding for the twelve prior months, the average variable rate or rates that would have been payable by the City to the counterparty pursuant to such Payment Agreement for the twelve prior months determined by reference to an index comparable to that to be utilized in determining the variable rate for the Payment Agreement to be executed.

(2) City Obligated to Pay Net Fixed Payments. If a Payment Agreement has been entered into by the City with respect to a Parity Obligation which is reasonably believed, in the opinion of a financial consultant or financial consulting firm, to result in the payment of a net fixed interest rate with respect to such Parity Obligation and Payment Agreement by the City, the interest on such Parity Obligation shall be included in the calculation of the Parity Debt Service during the period the Payment Agreement is in effect by including for each calculation period an amount equal to the amount of interest payable at the fixed interest rate pursuant to such Payment Agreement.

(C) For purposes of calculating the Parity Debt Service on any Balloon Obligation, it shall be assumed that the principal of such Balloon Obligation will be amortized in a manner resulting in approximately equal annual installments of debt service over a term of thirty (30) years, at an assumed interest rate determined by reference to subparagraph (A) of this definition of Parity Debt Service.

(D) For purposes of any Parity Obligation or portions thereof the debt service requirements under which contain no current interest component but which are sold at a discount and which discount accretes with respect to such Parity Obligation or portions thereof, such accreted discount shall be treated as interest in the calculation of Parity Debt Service.

(E) For purposes of any Parity Obligations that constitute paired obligations, the interest rate on such Parity Obligations shall be the resulting linked rate or the effective fixed interest rate (each as certified by a financial consultant or financial consulting firm) reasonably expected to be paid by the City with respect to such paired obligations.

(F) The amount on deposit in a debt service reserve fund with respect to a Parity Obligation on any date of calculation of Parity Debt Service shall be deducted from the amount of principal due at the final maturity of such Parity Obligation and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in inverse order of due date, until such amount is exhausted.

(G) If, under any statutory scheme, during any period of calculation the City or a fiduciary, on behalf of the City, receives or expects to receive any subsidy, reimbursement or other payment from a governmental entity (including, but not limited to, the federal government of the United States of America) in connection with, or related to, payments of principal of and/or interest or other regularly scheduled payments on Parity Obligations, then principal of and/or interest or other regularly scheduled payments on such Parity Obligations during such period of calculation shall be disregarded and not included in calculating Parity Debt Service to the extent that such subsidy, reimbursement or other payment is received or expected to be received by the City or fiduciary, on behalf of the City, during such period of calculation.

(H) Credit Provider Reimbursement Obligations shall be disregarded, except to the extent such Credit Provider Reimbursement Obligations are due and owing at the time of calculation of Parity Debt Service.

“Parity Obligation Payment Account” means the account established for the benefit of the holders of the Parity Obligations pursuant to Section 7(a)(i) (*Security and Flow of Funds — Pledge of Security Under 2020 Installment Purchase Contract*) and Section 7(f) (*Security and Priority; Flow of Funds – Establishment of WIFIA Payment Account, Parity Obligation Payment Account and WIFIA Reserve Account*) and the corresponding section of the 2020 Installment Purchase Contract, which will be used to accumulate Net System Revenues monthly to ensure timely payment of the interest (or interest component of an installment payment or capital lease payment) and the principal (or principal component of an installment payment or capital lease payment), if any, becoming due under the applicable Issuing Documents and from which such interest (or interest component of an installment payment or capital lease payment) and such principal (or principal component of an installment payment or capital lease payment) will be paid.

“Parity Obligations” means (a) the 2020 Installment Payments and the 2020 Additional Payments (including the Other WIFIA Payments), (b) the 2014 Installment Payments, (c) the 2019 Installment Payments and (d) all Additional Parity Obligations.

“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 Agreement” means a written agreement for the purpose of managing or reducing the City’s exposure to fluctuations in interest rates or for any other interest rate, investment, asset or liability managing purposes, entered into either on a current or forward basis by the City as authorized under any applicable laws of the State in connection with, or incidental to, the entering into of any System Obligation, that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments or any combination thereof, or any similar device.

“Payment Agreement Payments” means the regularly scheduled amounts (excluding Termination Payments) periodically required to be paid by the City under all Payment Agreements.

“Payment Agreement Receipts” means the regularly scheduled amounts (excluding Termination Payments) required to be paid by all counterparties to the City under all Payment Agreements.

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

“Payment Default” has the meaning provided in Section 17(a)(i) (*Events of Default and Remedies – Payment Default*).

“Payment Period” means (i) the period beginning on the date the first requisition of funds under this Agreement is received by the City, as agent of the Authority, and ending on the day immediately preceding the following Interest Payment Date, and each succeeding six (6) month

period beginning on a March 1 and ending on the following August 31, and beginning on a September 1 and ending on the following February 28 or 29, as applicable.

“Permitted Hedging Termination” means the early termination, in whole or in part, of any Qualified Hedge (a) at the request of the City as a result of a determination by the City that such (or any part of such) Qualified Hedge is no longer necessary or required under the terms of this Agreement, (b) pursuant to the terms of any Hedging Agreement evidencing such Qualified Hedge that provides for the notional amount of such Qualified Hedge to amortize or otherwise be reduced from time to time or (c) as may be required pursuant to Section 14(k)(iii) (*Affirmative Covenants – Variable Interest Rate Obligations*).

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein, but only to the extent that the same are acquired at fair market value:

(a) United States of America Treasury Bills, Certificates, Notes and Bonds (including State and Local Government Series — “SLGS”).

(b) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.

(c) Resolution Funding Corp. (“REFCORP”). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(d) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AA+” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AA+” rated pre-refunded municipals to satisfy this condition.

(e) Obligations, debentures, notes or other evidence of indebtedness issued or fully and unconditionally guaranteed by any of the following: Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration; provided, that with respect to the funds and accounts established under the 2020 Indenture, such obligations shall at no time exceed an amount equal to ten percent (10%) of the aggregate principal amount of the WIFIA Bond Outstanding.

(f) Deposit accounts, including time deposits, trust accounts, demand deposits, trust funds, overnight bank deposits, interest bearing deposits, interest bearing money market accounts, certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the 2020 Trustee and its affiliates) or savings accounts (i) fully insured by the Federal Deposit Insurance Corporation or (ii) with banks whose short term obligations are rated no lower than A-1 by S&P and P-1 by Moody’s, including those of the 2020 Trustee and its affiliates.

(g) Federal funds or banker’s acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of

“Prime-1” or “A3” by Moody’s and “A-1” or “A” or better by S&P (including the 2020 Trustee and its affiliates).

(h) Repurchase obligations with a term not exceeding 30 days pursuant to a written agreement between the 2020 Trustee and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investor Protection Corporation (“SIPC”) or a federally chartered commercial bank whose long-term debt obligations are rated A or better by S&P and Moody’s, with respect to any security described in clause (1); provided, that the securities which are the subject of such repurchase obligation (i) must be free and clear of all liens, (ii) in the case of a SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, (iii) must be deposited with the 2020 Trustee and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest; and further provided that the 2020 Trustee must have a valid first perfected security interest in such securities.

(i) Taxable government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody’s consisting of securities issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, subject to a maximum permissible limit equal to six months of principal and interest on the WIFIA Bond, including those for which the 2020 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.

(j) Tax-exempt government money market portfolios that have a rating by S&P of Am-G or Am or better and rated in one of the three highest rating categories of Moody’s consisting of securities which are rated in the highest Rating Categories of S&P and Moody’s subject to a maximum permissible limit equal to six months of principal and interest on the WIFIA Bond including those for which the 2020 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.

(k) Money market mutual funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AA-Am-G or AA-Am and rated in one of the two highest Rating Categories of Moody’s, including those managed or advised by the 2020 Trustee or its affiliates or for which the 2020 Trustee or an affiliate of the 2020 Trustee serves as administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the 2020 Trustee or an affiliate of the 2020 Trustee receives and retains a fee for services provided to the fund, (ii) the 2020 Trustee collects fees for services rendered pursuant to the 2020 Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the 2020 Indenture may at times duplicate those provided to such funds by the 2020 Trustee or an affiliate of the 2020 Trustee.

(l) Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from Moody's and S&P, of "A1" and "P1," respectively.

(m) Repurchase and reverse repurchase agreements collateralized with securities described in clause (1) of this definition, including those of the 2020 Trustee or any of its affiliates.

(n) The Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the 2020 Trustee is authorized to register such investment in its name.

(o) Investment agreements, including guaranteed investment contracts ("GICs") forward purchase agreements and reserve fund put agreements with banks or other financial institutions rated, or guaranteed by institutions rated, or with senior unsecured debt rated, by S&P or Moody's, in one of the two (2) highest Rating Categories assigned by such agencies fully collateralized by securities defined in clause (a).

(p) Any other investments which meet the criteria established by applicable published investment guidelines issued by each rating agency then rating the WIFIA Bond.

"Permitted Liens" means:

(a) Liens imposed pursuant to the WIFIA Loan Documents;

(b) Liens imposed pursuant to the 2020 Indenture;

(c) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 14(j) (*Affirmative Covenants – Material Obligations*);

(d) 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) (*Affirmative Covenants – Material Obligations*);

(e) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(f) deposits to secure the performance of bids, 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;

(g) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 17(a)(vi) (*Events of Default and Remedies – Material Adverse Judgment*); and

(h) 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 City.

“Permitted System Obligations” means:

- (a) Existing Indebtedness;
- (b) the WIFIA Loan;
- (c) Additional Parity Obligations that satisfy the requirements of Section 15(a)(iv) (*Negative Covenants – Indebtedness*) and the 2020 Installment Purchase Contract;
- (d) Additional Subordinate Obligations that satisfy the requirements of Section 15(a)(v) (*Negative Covenants – Indebtedness*) and the 2020 Installment Purchase Contract;
- (e) obligations (including but not limited to, any installment payment obligations) incurred in respect of Qualified Hedges; and
- (f) obligations or commitments which are a Credit Provider Reimbursement Obligation or a Payment Agreement that satisfy the requirements of Section 15(a)(iii) (*Negative Covenants – Indebtedness*) and Section 4.03(b) of the 2020 Installment Purchase Contract.

“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.

“Pledged Collateral” means, collectively, (a) the Net System Revenues and (b) the WIFIA Payment Account and all proceeds deposited therein from time to time. For avoidance of doubt, any Net System Revenues remaining in the Revenue Fund after the deposits and transfers required and permitted by Section 7(d) (*Security and Priority; Flow of Funds — Flow of Funds*) are and remain Pledged Collateral subject to the pledge and lien provided in Section 7(a)(i) (*Security and Priority; Flow of Funds — Pledge*) available for all Parity Obligations.

“Principal Amortization Schedule” means the Principal Amortization Schedule reflected in the applicable column of **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*), as amended from time to time in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Principal Amortization Schedule*).

“Principal Component” means (a) with respect to a 2020 Installment Payment, the principal component of such 2020 Installment Payment due and payable on the applicable 2020 Installment Payment Date as set forth on the 2020 Installment Payment Schedule and (b) with respect to the aggregate 2020 Installment Payments, all payments of the principal components of the 2020 Installment Payments required to be paid by the City on any date under the 2020

Installment Purchase Contract corresponding to payments on the WIFIA Bond under Section 8 (*Payment of Principal and Interest*) of this Agreement.

“**Principal Corporate Trust Office**” means the corporate trust office of the 2020 Trustee in San Francisco, California or such other office designated by the 2020 Trustee from time to time.

“**Principal Payment Date**” means September 1, 2030 and each September 1 thereafter.

“**Principal Project Contracts**” means the Existing Principal Project Contracts and the Additional Principal Project Contracts.

“**Principal Project Party**” means any Person (other than the City) party to a Principal Project Contract.

“**Project**” means the planning, design, construction, and commissioning of updated wastewater treatment facilities to meet current regulatory treatment objectives, provide flexibility to address future regulatory requirements, and extend the life of existing assets located at the City’s Regional Wastewater Control Facility in Stockton, California as more fully described in **Schedule V** (*Project Description*).

“**Project Accounts**” means the accounts established and held by the City pursuant to any Issuing Documents to hold proceeds of Parity Obligations or Subordinate Obligations issued or incurred to finance costs incurred in connection with the Project.

“**Project Budget**” means the budget for the Project attached to this Agreement as **Schedule I** (*Project Budget*) 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.

“**Projected Substantial Completion Date**” means May 16, 2023, as such date may be adjusted in accordance with Section 16(d) (*Reporting Requirements – Construction Reporting*).

“**Public Benefits Report**” has the meaning provided in Section 16(e) (*Reporting Requirements – Public Benefits Report*).

“**Qualified Hedge**” means, to the extent from time to time permitted by law, with respect to Permitted System Obligations any Hedging Transaction entered into with a Qualified Hedge Provider and meeting the requirements of Section 14(k) (*Affirmative Covenants – Variable Interest Rate Obligations*).

“**Qualified Hedge Provider**” means any bank or trust company, or an affiliate thereof, authorized to engage in the banking business that is organized under or licensed as a branch or agency under the laws of the United States of America or any state thereof, that has an Acceptable Credit Rating.

“**Rate Covenant**” has the meaning set forth in Section 14(a) (*Affirmative Covenants – Rate Covenant*) and collectively includes the covenants set forth in clauses (i) and (ii) of such Section.

“Rate Stabilization Fund” means the fund by that name established pursuant to Section 7(m) (*Establishment of Rate Stabilization Fund*) and the corresponding section of the 2020 Installment Purchase Contract.

“Reimbursement Agreements” means, with respect to any Credit Facility, the agreement between the City and the Credit Facility Provider that governs the terms and conditions of the Credit Facility and the obligations of the City with respect to, among other things, the terms of payment of principal of and interest on amounts drawn under the Credit Facility.

“Related Documents” means the Financing Documents, the WIFIA Loan Documents, the Hedging Agreements (if any), the Reimbursement Agreements (if any) and the Principal Project Contracts.

“Requisition” has the meaning provided in Section 4(a) (*Disbursement Conditions*).

“Revenue Fund” means the Wastewater Utility Fund, established and held by the City into which all System Revenues are deposited.

“Sanctioned Country” means, at any time, a country or territory which is itself the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country, or (c) any Person owned or controlled by any such Person or Persons.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered, or enforced from time to time by the Government, including those administered by OFAC or the U.S. Department of State.

“Secured Obligations” means the Parity Obligations, the obligations of the City under the 2020 Installment Purchase Contract and this Agreement, the Subordinate Obligations, the Hedging Obligations, the Hedging Termination Obligations, the Credit Provider Reimbursement Obligations, and any other obligation secured by all or a portion of the Net System Revenues.

“Secured Parties” means (i) with respect to the Trust Collateral, the 2020 Trustee on behalf of the WIFIA Lender, as Holder of the WIFIA Bond, (ii) with respect to the Pledged Collateral, the WIFIA Lender and the 2020 Trustee, on behalf of the WIFIA Lender, as the Holder of the WIFIA Bond, and (iii) with respect to the Net System Revenues, the 2020 Trustee, on behalf of the WIFIA Lender, as the Holder of the WIFIA Bond, any trustee for obligations secured by Parity Obligations, on behalf of the Holders of such obligations, and any other Holders of Parity Obligations.

“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 set forth in Section 10(a)(i) (*Fees and Expenses – Fees*).

“**State**” has the meaning provided in the preamble hereto.

“**Subordinate Obligations**” means any obligation (including but not limited to, any installment payment obligation) that (a) is permitted under Section 15(a) (*Negative Covenants – Indebtedness*) and under the 2020 Installment Purchase Contract that is fully subordinated to the WIFIA Loan and the WIFIA Bond in priority of payment (as to both principal and interest), voting and priority of security interest in the Net System Revenues, including with respect to payment from revenues and reserves and payment upon default or acceleration of any such System Obligations, and (b) upon issuance, will not adversely affect the then-applicable ratings of the Parity Obligations or the WIFIA Loan.

“**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 City certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender, that Substantial Completion has occurred.

“**System**” means the whole and each and every part of the wastewater system of the City including the portion thereof existing on the date of the 2020 Installment Purchase Contract and including all additions, betterments, extensions and improvements to such system or any part thereof and hereafter acquired or constructed.

“**System Accounts**” means all funds, accounts and subaccounts holding System Revenues, including the Revenue Fund (including the WIFIA Payment Account and the Parity Obligation Payment Account therein) and such additional funds, accounts or subaccounts that may be established in connection with the System for System Revenues.

“**System Obligations**” means any obligation (including, but not limited to, any installment payment obligation) of the City that is secured by a pledge and lien on all or a portion of the System Revenues, including the Parity Obligations and Subordinate Obligations.

“**System Revenues**” means all gross income and revenue received or receivable by the City from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, including all fees, rates, charges and amounts paid under any contracts received by or owed to the City in connection with the operation of the System and all proceeds of insurance relating to the System and all other income and revenue howsoever derived by the City from the ownership or operation of the System.

“**Technical and Rate Consultant**” means a single individual or firm, or a combination of one or more individuals or firms, not related to the City and considered independent with respect to the City (i.e. not an employee of the City or any affiliate of the City) authorized to do business in and qualified to practice in the areas required to provide the services required of the Technical and Rate Consultant, that together have expertise in the technical requirements for operation and maintenance of systems similar in size and scope to the System and delivering the services provided by the System, and establishing rates and charges for governmental water or wastewater

systems similar in size and scope to the System, selected by the City and reasonably acceptable to the WIFIA Lender.

“Tender Option Obligations” means any System Obligation which by its terms may be tendered by and at the option of the Holder thereof for payment prior to the stated maturity or redemption date thereof to either the Issuer, the City, the trustee, a tender agent or a remarketing agent.

“Termination Payment Account” means the payment account within the Revenue Fund established pursuant to the Issuing Documents for a System Obligation for purposes of making payment of any Termination Payment.

“Termination Payments” means any payments due and payable by the City in connection with the termination of a Payment Agreement.

“Total Debt Coverage Requirement” means, for any City Fiscal Year or any other period, an amount of Adjusted Net System Revenues equal to at least one hundred ten percent (110%) of Total Debt Service for all Outstanding System Obligations for such City Fiscal Year or such other period, as applicable.

“Total Debt Service” means, with respect to any System Obligation for any period of calculation, those portions of the payments of interest on and principal and redemption premiums, if any, or other regularly scheduled payments required to be made during such period under such System Obligation, less any such interest that is to be paid from proceeds of such System Obligation, less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds and capitalized interest funds established for such System Obligation; provided, that for purposes of the calculation of Total Debt Service, the following shall apply:

(A) Interest on Variable Interest Rate Obligations. Interest on any Variable Interest Rate Obligation shall be assumed to bear interest at a fixed rate equal to the higher of:

(1) the actual rate on the date of calculation, or if such System Obligation is not yet outstanding, the initial rate (if established and binding); or

(2) if such System Obligation has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such System Obligation has not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the System Obligation to be issued.

(B) Interest on System Obligations with respect to which a Payment Agreement is in force. For purposes of the definition of Total Debt Service, interest deemed to be payable on any System Obligation with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of such System Obligation and such Payment Agreement, including but not limited to the effects that (i) such System Obligation would, but for such Payment Agreement, be treated as an obligation bearing interest at a Variable Interest Rate instead shall be treated as an obligation bearing interest at a fixed interest rate, and (ii) such System Obligation would,

but for such Payment Agreement, be treated as an obligation bearing interest at a fixed interest rate instead shall be treated as an obligation bearing interest at a Variable Interest Rate; and accordingly, the amount of interest deemed to be payable on any System Obligation with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such System Obligation plus the applicable Payment Agreement Payments minus the applicable Payment Agreement Receipts, and for the purpose of calculating as nearly as practicable the Payment Agreement Receipts and the Payment Agreement Payments under such System Obligation, the following assumptions shall be made:

(1) City Obligated to Pay Net Variable Payments. If a Payment Agreement has been entered into by the City with respect to a System Obligation resulting in the payment of a net variable interest rate with respect to such System Obligation and Payment Agreement by the City, the interest rate on such System Obligation for future periods when the actual interest rate cannot yet be determined shall be assumed, during the period the Payment Agreement is in effect, to be equal to the sum of (i) the fixed rate or rates stated in such System Obligation, minus (ii) the fixed rate paid by the counterparty to the City, plus (iii) the lesser of (A) the interest rate cap, if any, provided by the counterparty with respect to such Payment Agreement (but only during the period that such interest rate cap is in effect) and (B) the higher of (x) the actual variable rate or rates payable by the City to the Counterparty pursuant to the Payment Agreement on the date of calculation, or if such Payment Agreement is not yet outstanding, the initial rate (if established and binding) and (y) if such Payment Agreement has been in effect for at least twelve months, the average variable rate or rates payable by the City to the counterparty pursuant to the Payment Agreement over the twelve months immediately preceding the date of calculation, or if such Payment Agreement has not been outstanding for the twelve prior months, the average variable rate or rates that would have been payable by the City to the counterparty pursuant to such Payment Agreement for the twelve prior months determined by reference to an index comparable to that to be utilized in determining the variable rate for the Payment Agreement to be executed.

(2) City Obligated to Pay Net Fixed Payments. If a Payment Agreement has been entered into by the City with respect to a System Obligation which is reasonably believed, in the opinion of a financial consultant or financial consulting firm, to result in the payment of a net fixed interest rate with respect to such System Obligation and Payment Agreement by the City, the interest on such System Obligation shall be included in the calculation of the Total Debt Service during the period the Payment Agreement is in effect by including for each calculation period an amount equal to the amount of interest payable at the fixed interest rate pursuant to such Payment Agreement.

(C) For purposes of calculating the Total Debt Service on any Balloon Obligation, it shall be assumed that the principal of such Balloon Obligation will be amortized in a manner resulting in approximately equal annual installments of debt service

over a term of thirty (30) years, at an assumed interest rate determined by reference to subparagraph (A) of this definition of Total Debt Service.

(D) For purposes of any System Obligation or portions thereof the debt service requirements under which contain no current interest component but which are sold at a discount and which discount accretes with respect to such System Obligation or portions thereof, such accreted discount shall be treated as interest in the calculation of Total Debt Service.

(E) For purposes of any System Obligations that constitute paired obligations, the interest rate on such System Obligations shall be the resulting linked rate or the effective fixed interest rate (each as certified by a financial consultant or financial consulting firm) reasonably expected to be paid by the City with respect to such paired obligations.

(F) The amount on deposit in a debt service reserve fund with respect to a System Obligation on any date of calculation of Total Debt Service shall be deducted from the amount of principal due at the final maturity of such System Obligation and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in inverse order of due date, until such amount is exhausted.

(G) If, under any statutory scheme, during any period of calculation the City or a fiduciary, on behalf of the City, receives or expects to receive any subsidy, reimbursement or other payment from a governmental entity (including, but not limited to, the federal government of the United States of America) in connection with, or related to, payments of principal of and/or interest or other regularly scheduled payments on System Obligations, then principal of and/or interest or other regularly scheduled payments on such System Obligations during such period of calculation shall be disregarded and not included in calculating Total Debt Service to the extent that such subsidy, reimbursement or other payment is received or expected to be received by the City or fiduciary, on behalf of the City, during such period of calculation.

(H) Credit Provider Reimbursement Obligations shall be disregarded, except to the extent such Credit Provider Reimbursement Obligations are due and owing at the time of calculation of Total Debt Service.

“Total Project Costs” means (a) the costs paid or incurred or to be paid or incurred by the City 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 Financing Documents or the WIFIA Loan Documents to be paid into any fund or account upon the incurrence of the WIFIA Loan, any Parity Obligations or any Subordinate 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) during the Construction Period in respect of any obligations (including but not limited to, any installment payment obligations) of the City or any Credit Facility maintained by the City, in each case in connection with the Project (other than the WIFIA

Loan); and (d) costs of equipment and supplies and initial working capital and reserves required by the City for the commencement of operation of the Project, including general administrative expenses and overhead of the City.

“Trust Collateral” means (a) all Authority Revenues received by the Authority, (b) the 2020 Installment Payment Fund and all amounts on deposit therein from time to time, (c) the WIFIA Reserve Account and all amounts on deposit therein from time to time, (d) all right, title and interest of the 2020 Trustee to the 2020 Installment Purchase Contract and (e) such other collateral as may be set forth in the 2020 Indenture.

“2014 Bonds” means the Stockton Public Financing Authority Wastewater Revenue Refunding Bonds, Series 2014 (1998 Wastewater Project and 2003 Wastewater Project) originally issued in the aggregate principal amount of \$69,440,000.

“2014 Indenture” means the 2014 Indenture, dated as of October 1, 2014, by and between the Authority and Wells Fargo Bank, National Association, as trustee, as originally executed and as it may from time to time be amended in accordance therewith.

“2014 Installment Payments” means the installment payments scheduled to be paid by the City under the 2014 Installment Purchase Contract.

“2014 Installment Purchase Contract” means the 2014 Installment Purchase Contract dated as of October 1, 2014, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance therewith.

“2019 Bond Anticipation Notes” means the Stockton Public Financing Authority Wastewater Bond Anticipation Notes, Series 2019 originally issued in the aggregate principal amount of \$118,510,000.

“2019 Indenture” means the 2019 Indenture, dated as of October 1, 2019, by and between the Authority and Wells Fargo Bank, National Association, as trustee, as originally executed and as it may from time to time be amended in accordance therewith.

“2019 Installment Payments” means the installment payments scheduled to be paid by the City under the 2019 Installment Purchase Contract.

“2019 Installment Purchase Contract” means the 2019 Installment Purchase Agreement dated as of October 1, 2019, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance therewith.

“2020 Additional Payments” means the payments to be made by the City to the Authority, the 2020 Trustee or the WIFIA Lender pursuant to the 2020 Installment Purchase Contract (other than the 2020 Installment Payments), including without limitation, the Other WIFIA Payments.

“2020 Indenture” means that certain 2020 Indenture, dated as of September 1, 2020, between the Authority and the 2020 Trustee, pursuant to which the WIFIA Bond is issued.

“2020 Installment Payment” individually, means with respect to any 2020 Installment Payment Date occurring on or after the Debt Service Payment Commencement Date, the sum of the Principal Component and the Interest Component (as adjusted to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement due and payable on such 2020 Installment Payment Date as set forth on the 2020 Installment Payment Schedule and **“2020 Installment Payments”** collectively, means all payments required and scheduled to be paid by the City under the 2020 Installment Purchase Contract corresponding to payments under Section 8 (*Payment of Principal and Interest*) of this Agreement, including any adjustments to include interest at the Default Rate as set forth in Section 6 (*Interest Rate*) of this Agreement. The Principal Component and Interest Component of each 2020 Installment Payment shall correspond in all respects to the principal payment and interest payment respectively due on the WIFIA Bond on the corresponding payment date.

“2020 Installment Payment Date” means each Payment Date following the Debt Service Payment Commencement Date.

“2020 Installment Payment Fund” means the Stockton Public Financing Authority 2020 Installment Payment Fund established pursuant to the 2020 Indenture.

“2020 Installment Payment Schedule” means the installment payment schedule set forth in **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*), as amended from time to time in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Principal Amortization Schedule*) of this Agreement and as set forth in Exhibit A to the 2020 Installment Purchase Contract.

“2020 Installment Purchase Contract” means the 2020 Installment Purchase Contract, dated as of the Effective Date, between the City and the Authority, pursuant to which the City is purchasing the portion of the Project consisting of the Eligible Project Costs funded by the WIFIA Loan.

“2020 Trustee” means Wells Fargo Bank, National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, at its Principal Corporate Trust Office, as trustee under the 2020 Indenture, and any successors thereto.

“Uncontrollable Force” means any cause beyond the control of the City, 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, or act of God (provided, that the City 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 City and the City 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 City.

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

“**Updated Financial Model**” means the Base Case Financial Model, updated in accordance with Section 16(a) (*Reporting Requirements – Updated Financial Model*).

“**Valuation Date**” means (a) with respect to any Capital Appreciation Obligations, the date or dates set forth in the Other Indenture authorizing such Capital Appreciation Obligations on which specific Accreted Values are assigned to the Capital Appreciation Obligations and (b) with respect to any Deferred Income Obligations, the date or dates on or prior to the Interest Commencement Date set forth in the Other Indenture authorizing such Deferred Income Obligations on which specific Appreciated Values are assigned to the Deferred Income Obligations.

“**Variable Interest Rate**” means any variable interest rate or rates to be paid under any System Obligation, the method of computing which variable interest rate shall be as specified in such obligation, which obligation shall also specify either (i) the payment period or periods or time or manner of determining such period or periods or time for which each value of such variable interest rate shall remain in effect, and (ii) the time or times based upon which any change in such variable interest rate shall become effective, and which variable interest rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indices.

“**Variable Interest Rate Obligations**” means, for any period of time, any System Obligations that bear a Variable Interest Rate during such period.

“**Wastewater Project**” means any additions, betterments, extensions or improvements to the System designated by the City Council of the City as a designated Wastewater Project for the City.

“**Wastewater Service**” means the wastewater services made available or provided by the System.

“**WIFIA**” has the meaning provided in the recitals hereto.

“**WIFIA Bond**” means the Bond delivered by the Authority in substantially the form of **Exhibit A** (*Form of WIFIA Bond*).

“**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 City of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the City), in each case, (a) as set forth on **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) and (b) due and payable on such Payment Date in accordance with the provisions of Section 8(a) (*Payment of Principal and Interest – Payment of WIFIA Debt Service*).

“**WIFIA Interest Rate**” has the meaning provided in Section 6 (*Interest Rate*).

“**WIFIA Lender**” has the meaning provided 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 Authority on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed \$108,000,000, to be used in respect of Eligible Project Costs paid or incurred by the City.

“**WIFIA Loan Balance**” means, for purposes of determining at any time the principal amount of the WIFIA Bond that interest accrues on, the sum of (i) the aggregate principal amount of the WIFIA Loan drawn by the Authority minus (ii) the aggregate principal amount of the WIFIA Loan repaid by the Authority, as determined in accordance with Section 8(e) (*Payment of Principal and Interest – Adjustments to Principal Amortization Schedule*).

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Bond, the 2020 Indenture, the 2020 Installment Purchase Contract, the WIFIA Resolution and the Authority Resolution.

“**WIFIA Payment Account**” means the account established for the benefit of the WIFIA Lender pursuant to Section 7(a)(i) (*Security and Flow of Funds — Pledge of Security Under 2020 Installment Purchase Contract*) and Section 7(f) (*Security and Priority; Flow of Funds – Establishment of WIFIA Payment Account, Parity Obligation Payment Account and WIFIA Reserve Account*) and the corresponding section of the 2020 Installment Purchase Contract, which will be used to accumulate Net System Revenues monthly to ensure timely payment of 2020 Installment Payments and from which 2020 Installment Payments will be paid.

“**WIFIA Reserve Account**” means the account within the 2020 Installment Payment Fund established for the benefit of the WIFIA Lender pursuant to the 2020 Indenture.

“**WIFIA Reserve Account Annual Funding Date**” means each of the first, third, fifth, seventh and ninth Interest Payment Dates immediately following the initial disbursement of proceeds of the WIFIA Loan, in order to provide for the funding of the WIFIA Reserve Account over an approximately five (5) year period pursuant to Section 14(h)(iii) (*Affirmative Covenants — System Accounts; Permitted Investments*).

“**WIFIA Reserve Account Semi-Annual Replenishment Date**” means each of the two Interest Payment Dates immediately following the date the balance in the WIFIA Reserve Account is less than the WIFIA Reserve Account Requirement, in order to restore the WIFIA Reserve Account to the WIFIA Reserve Account Requirement over an approximately one (1) year period pursuant to Section 14(h)(iii) (*Affirmative Covenants — System Accounts; Permitted Investments*).

“**WIFIA Reserve Requirement**” means, as of the date of calculation, an amount equal to the maximum annual aggregate amount (without duplication) of 2020 Installment Payments that will become due on any two consecutive 2020 Installment Payment Dates on the 2020 Installment Payment Schedule.

“**WIFIA Resolution**” means Resolution No. [____], adopted by the City Council of the City on September 29, 2020, authorizing the execution and delivery of this Agreement, the 2020 Installment Purchase Contract, and certain related actions by the City in connection with the issuance of the WIFIA Loan.

“**Written Request of the Authority**” means an instrument in writing signed by the Chairperson, Vice-Chairperson, Executive Director or Treasurer of the Authority, or by any other officer of the Authority duly authorized by the Authority for that purpose.

Section 2. Interpretation.

(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 a City Related Party’s knowledge is implicated in this Agreement or the phrase “to the City’s knowledge”, “to the Authority’s knowledge, or a similar phrase is used in this Agreement, the relevant City Related Party’s knowledge or such phrase(s) shall be interpreted to mean to the best of that City Related Party’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 preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions are to the applicable preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions of this Agreement.

(g) The 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) References to “disbursements of WIFIA Loan Proceeds” or similar phrasing shall be construed as meaning the same thing as “paying the purchase price of the WIFIA Bond”.

(l) 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 and a corresponding change be reflected in the 2020 Installment Payment Schedule. Whenever there is a mandatory or optional prepayment of the WIFIA Loan, it is intended that such prepayment be implemented through a redemption of the WIFIA Bond and a prepayment of the corresponding 2020 Installment Payments.

ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed \$108,000,000. WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*).

Section 4. Disbursement Conditions.

(a) The Authority hereby appoints the City as its agent with respect to disbursements of the WIFIA Loan from time to time and the City hereby accepts such appointment and hereby assumes all rights, liabilities, duties and responsibilities of the Authority under this Agreement with respect to disbursements of the WIFIA Loan from time to time. 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 City in connection with the Project. If the City intends to utilize the WIFIA Loan proceeds to make progress payments for Project construction work performed under the Principal Project Contracts, the City shall demonstrate to the satisfaction of the WIFIA Lender that such progress payments are commensurate with the value of the work that has been completed. Each disbursement of the WIFIA Loan shall be made pursuant to a requisition and certification (a “**Requisition**”) in the form set forth in **Appendix One** (*Form of Requisition*) to **Exhibit D** (*Requisition Procedures*), along with all documentation and other information required thereby, submitted by the City to, and approved by, the WIFIA Lender, all in accordance with the procedures of **Exhibit D** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*); provided, that no disbursements of WIFIA Loan proceeds shall be made after the Final Disbursement Date.

(b) The City shall deliver copies of each Requisition to the WIFIA Lender on or before the first (1st) Business Day of each month for which a disbursement is requested. If the WIFIA Lender shall expressly approve a Requisition or shall not expressly deny a Requisition, disbursements of funds shall be made on the fifteenth (15th) day of the month for which a

disbursement has been requested, or on the next succeeding Business Day if such fifteenth (15th) day is not a Business Day. Express WIFIA Lender approval or denial shall be substantially in the form annexed hereto as **Appendix Two** (*[Approval/Disapproval] of the WIFIA Lender*) to **Exhibit D** (*Requisition Procedures*). In no event shall disbursements be made more than once each month.

(c) At the time of any disbursement, the sum of all prior disbursements of WIFIA Loan proceeds and the disbursement then to be made shall not exceed the cumulative disbursements through the end of the then-current Federal Fiscal Year set forth in the Anticipated WIFIA Loan Disbursement Schedule, as the same may be amended from time to time in accordance with the terms of this Agreement. Subject to this Section 4, any scheduled disbursement (as reflected in the Anticipated WIFIA Loan Disbursement Schedule) that remains undrawn at the end of any Federal Fiscal Year shall automatically roll forward to be available in the succeeding Federal Fiscal Year, having the effect of automatically updating the Anticipated WIFIA Loan Disbursement Schedule without need for the WIFIA Lender's approval. The City may also amend the Anticipated 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 Anticipated WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be granted in the WIFIA Lender's sole discretion.

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 interest rate with respect to the WIFIA Loan Balance (and for calculating the corresponding Interest Components of the 2020 Installment Payments) (the "**WIFIA Interest Rate**") shall be [___] percent ([___]%) per annum, as adjusted to include interest at the Default Rate as set forth below. Interest will accrue and be computed on the WIFIA Loan Balance (and the corresponding unpaid Principal Components of the 2020 Installment Payments) (as well as on any past due interest or Interest Components of the 2020 Installment Payments) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months; provided, that, upon the occurrence of an Event of Default, the Authority shall pay interest on the WIFIA Loan Balance (and the City shall pay the Interest Components of the 2020 Installment Payments) 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 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 (and the 2020 Installment Purchase Contract) and (ii) the WIFIA Loan Balance (and the corresponding unpaid Principal Components of the 2020 Installment Payments) have been irrevocably paid in full in immediately available funds. For the avoidance of doubt, interest on the WIFIA Loan (and the corresponding WIFIA Bond) (and the corresponding Interest Components of the 2020 Installment Payments) shall accrue and be payable only on those amounts for which a Requisition has been submitted and funds (or such portion of funds as have been approved by WIFIA Lender) have been made available to the City for use on the Project in accordance with Section 4 (*Disbursement Conditions*).

Section 7. Security and Priority; Flow of Funds.

(a) The 2020 Installment Payments shall be a Parity Obligation, entitled to all of the benefits of a Parity Obligation under the Financing Documents. The 2020 Additional Payments (including the Other WIFIA Payments) shall also be a Parity Obligation, entitled to all of the benefits of a Parity Obligation under the Financing Documents. The 2020 Installment Purchase Contract shall be secured by the Liens on the Net System Revenues on a parity with the other Parity Obligations and shall be senior to all Subordinate Obligations.

(i) Pledge of Security Under 2020 Installment Purchase Contract. The City shall grant to the Authority pursuant to the 2020 Installment Purchase Contract a lien on and a security interest in and pledge of all Net System Revenues to secure the payment of the 2020 Installment Payments, the 2020 Additional Payments (including the Other WIFIA Payments) and any other Parity Obligations as provided herein, and the Net System Revenues shall not be used for any other purpose while any 2020 Installment Payments, 2020 Additional Payments (including the Other WIFIA Payments) or any other Parity Obligations remain unpaid; provided, that out of the Net System Revenues there may be apportioned such sums for such purposes as are expressly permitted by this Section 7. This lien, security interest, and pledge shall constitute an exclusive lien on the Net System Revenues for the payment of the 2020 Installment Payments, the 2020 Additional Payments (including the Other WIFIA Payments) and any other Parity Obligations in accordance with the terms hereof (subject to the incurrence of Parity Obligations in accordance with Section 15(a) (*Negative Covenants - Indebtedness*)). This lien, security interest and pledge shall become effective immediately upon the execution and delivery of the 2020 Installment Purchase Contract without further notice or action. The City further grants and assigns to the Authority solely for the benefit of the 2020 Trustee and the Holder of the WIFIA Bond, a sole and exclusive security interest in the WIFIA Payment Account, and all funds on deposit therein, in accordance with the terms of this Agreement. The WIFIA Lender shall be a third party beneficiary of the 2020 Installment Purchase Contract for purposes of directly enforcing its rights thereunder.

The City shall establish the WIFIA Payment Account required to be established pursuant to and in accordance with Section 7(f) (*Security and Priority; Flow of Funds – WIFIA Payment Account, Parity Obligation Payment Account and WIFIA Reserve Account*) to be held by the City solely for the purpose of making 2020 Installment Payments.

The City further agrees that as additional security for the WIFIA Bond the 2020 Installment Purchase Contract shall require the City to make payments to fund the WIFIA Reserve Account at the times and in the amounts set forth in this Agreement and in the 2020 Indenture.

(ii) Pledge of Authority Revenues to 2020 Trustee; Creation of WIFIA Reserve Account. All Authority Revenues received by the Authority and all money on deposit in the accounts and funds established under the 2020 Indenture shall be assigned pursuant to the 2020 Indenture by the Authority to the 2020 Trustee for the benefit of the Holder of the WIFIA Bond and shall be irrevocably pledged pursuant to the 2020 Indenture

to the payment of the interest on and principal of the WIFIA Bond, as provided in the 2020 Indenture, and the Authority Revenues shall not be used for any other purpose while all or any portion of the WIFIA Bond remains Outstanding; provided, that out of the Authority Revenues there may be applied such sums for such purposes as are permitted under the 2020 Indenture. This pledge shall constitute a first and exclusive pledge of and charge and lien upon the Authority Revenues and all money on deposit in the accounts and funds established under the 2020 Indenture for the payment of the interest on and principal of and redemption premiums, if any, on the WIFIA Bond in accordance with the terms of the 2020 Indenture and of the WIFIA Bond. The Authority shall pledge and grant a lien on and a security interest in the 2020 Installment Payment Fund and all money on deposit in the accounts and funds established under the 2020 Indenture to the 2020 Trustee for the benefit of the Holder of the WIFIA Bond. This pledge shall constitute a first and exclusive pledge of and charge and lien upon all money on deposit in the accounts and funds established under the 2020 Indenture for the payment of the interest on and principal of and redemption premiums, if any, on the 2020 Bond in accordance with the terms of the 2020 Indenture and the 2020 Bond. This pledge shall become effective immediately upon the execution and delivery of the 2020 Indenture without further notice or action. The Authority shall establish pursuant to the 2020 Indenture a WIFIA Reserve Account within the 2020 Installment Payment Fund which shall be pledged (as a part of the 2020 Installment Payment Fund) as security for payment of the WIFIA Bond and solely for the benefit of the Holder of the WIFIA Bond. The Authority and the 2020 Trustee shall agree pursuant to the 2020 Indenture to take such action (including, if required under applicable law, the filing of financing statements and continuation statements) as may be necessary from time to time to perfect or otherwise preserve the priority of the pledge set forth above.

(iii) Assignment of 2020 Installment Purchase Contract Under the 2020 Indenture. In order to secure the pledge of the Authority Revenues under the 2020 Indenture, the Authority shall transfer, convey and assign to the 2020 Trustee pursuant to the 2020 Indenture, for the benefit of the Holder of the WIFIA Bond, all of the Authority's rights under the 2020 Installment Purchase Contract (excepting its right to indemnification thereunder), including the right to receive 2020 Installment Payments from the City, and the right to exercise any remedies provided therein in the event of a default by the City thereunder. Such assignment shall become effective immediately upon the execution and delivery of the 2020 Indenture without further notice or action. For avoidance of doubt, the Authority's rights under the 2020 Installment Purchase Contract do not include the WIFIA Lender's right to Other WIFIA Payments payable as 2020 Additional Payments under the 2020 Installment Purchase Contract. The 2020 Trustee shall accept said assignment for the benefit of the Holder of the WIFIA Bond subject to the provisions of the 2020 Indenture.

(iv) Trust Estate under the 2020 Indenture. As security for the WIFIA Bond, and concurrently with the execution and delivery of this Agreement, the Authority shall pledge, assign and grant to the 2020 Trustee for the benefit of the Holder of the WIFIA Bond, the Trust Collateral. In order to carry out and effectuate the assignment, pledge, charge and lien contained in the 2020 Indenture, the Authority shall agree and covenant in the 2020 Indenture that all Authority Revenues when and as received by the Authority will be forthwith transferred by the Authority to the 2020 Trustee for deposit in the 2020

Installment Payment Fund. After giving effect to the assignment, pledge, charge and lien contained in the 2020 Indenture, all money in the 2020 Installment Payment Fund shall be accounted for through and held in trust in the 2020 Installment Payment Fund by the 2020 Trustee, and the Authority shall have no beneficial right or interest in any money in the 2020 Installment Payment Fund. All Authority Revenues, whether received by the Authority or deposited with the 2020 Trustee as provided in the 2020 Indenture, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter set forth in the 2020 Indenture, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority. The trust estate created pursuant to the 2020 Indenture shall be solely for the benefit of the Holder of the WIFIA Bond, and shall not inure to the benefit of any Holder of Parity Obligations other than the WIFIA Bond.

(b) Except (i) for Permitted Liens, or (ii) to the extent otherwise provided in Section 7(a), the Trust Collateral will be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto, of equal rank with or senior to the pledge of the Authority created under the Financing Documents, and all organizational, regulatory or other necessary action on the part of the Authority with respect to the foregoing has been duly and validly taken. Except (i) for Permitted Liens, or (ii) to the extent otherwise provided in Section 7(a), the Pledged Collateral will be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto, of equal rank with or senior to the pledge of the City created under the Financing Documents, and all organizational, regulatory or other necessary action on the part of the City with respect to the foregoing has been duly and validly taken.

(c) The City shall not use System Revenues to make any payments or satisfy any obligations other than in accordance with the provisions of this Section 7 and the Financing Documents and shall not apply any portion of the System Revenues in contravention of this Agreement or the Financing Documents.

(d) Flow of Funds. All System Revenues shall be deposited as and when received in the Revenue Fund which fund is hereby continued in the treasury of the City and which fund shall be maintained by the City, and all money in the Revenue Fund shall be set aside by the City and applied to the payment of Operation and Maintenance Costs, as and when required to be paid. The City hereby covenants to cause all Net System Revenues to be allocated and applied as provided below; provided, that pending the use by the City of the Net System Revenues for such purposes, such money may be invested by the City in Permitted Investments. Net System Revenues shall be set aside by the City at the following times and deposited in the following account or fund in the following order of priority:

(i) Parity Obligation Deposits. Net System Revenues shall be first allocated and applied as provided below:

(A) Set-Asides for Parity Obligations. On the first Business Day of each month, the City shall, from Net System Revenues, set-aside in the Revenue Fund and deposit in the WIFIA Payment Account and the Parity Obligation Payment Account the amounts set forth below in this Section (d)(i)(A); provided that if the amounts on deposit in the Revenue Fund are at any time insufficient to

enable the City to deposit such amounts to the WIFIA Payment Account and the Parity Obligation Payment Account, such deposits shall be made on a pro rata basis. The amount to be deposited in the WIFIA Payment Account shall be an amount equal to 1/6th of the Interest Component of the 2020 Installment Payment due on the next succeeding Interest Payment Date and an amount equal to 1/12th of the Principal Component of the 2020 Installment Payment due on the next succeeding Principal Payment Date, plus an amount equal to any transfer shortfalls that remain unfunded from prior months; provided, however, that in each month intervening between the Effective Date and the next succeeding Interest Payment Date or Principal Payment Date, respectively, the amount of interest or the amount of principal, respectively, specified above shall be that amount which when multiplied by the number of deposits to the credit of the WIFIA Payment Account required to be made during such respective periods will equal the amounts required to be paid on such next succeeding Interest Payment Date and next succeeding Principal Payment Date, respectively. The amount to be deposited in the Parity Obligation Payment Account shall be an amount equal to 1/6th of the interest (or interest component of an installment payment or capital lease payment) becoming due under the applicable Issuing Documents on the next succeeding interest payment date and an amount equal to 1/12th of the principal (or principal component of an installment payment or capital lease payment), if any, becoming due under the applicable Issuing Documents on the next succeeding installment payment date, plus an amount equal to any transfer shortfalls that remain unfunded from prior months, to be deposited in the Parity Obligation Payment Account; provided, however, that in each month intervening between the date of issuance or incurrence of such Parity Obligation and the next succeeding installment payment date, the amount of interest or the amount of principal, respectively, specified above shall be that amount which when multiplied by the number of deposits to the credit of the Parity Obligation Payment Account required to be made during such respective periods will equal the amounts required to be paid on such next succeeding installment payment date.

(B) 2020 Installment Payment Fund Deposits. On or before the date that is two (2) business days prior to each 2020 Installment Payment Date, the City shall, from Net System Revenues set-aside and on deposit in the WIFIA Payment Account and to the extent of any insufficiency therefor, from other Net System Revenues, transfer to the 2020 Trustee (on a parity with any required transfers of Net System Revenues for the payment of all other Parity Obligations) for deposit in the 2020 Installment Payment Fund a sum equal to the amount of the Interest Components becoming due under the 2020 Installment Purchase Contract on such 2020 Installment Payment Date and a sum equal to the amount of the Principal Components, if any, becoming due under the 2020 Installment Purchase Contract on such 2020 Installment Payment Date; provided, that no such transfers to and deposits in the 2020 Installment Payment Fund need be made if the amount available and contained therein is at least equal to the Interest Component becoming due under the 2020 Installment Purchase Contract on such 2020 Installment Payment Date, plus the Principal Component, if any, becoming due under the 2020 Installment Purchase Contract on such 2020 Installment Payment Date and if the

2020 Indenture does not require a replenishment of the amounts contained in the 2020 Reserve Account.

(C) Other Parity Obligation Installment Payment Fund Deposits.

On or before the date that is two (2) business days prior to each installment payment date for any other Parity Obligation (other than the 2020 Installment Payments), the City shall, from Net System Revenues set-aside and on deposit in the Parity Obligation Payment Account and to the extent of any insufficiency therefor, from other Net System Revenues, transfer to the applicable trustee for such other Parity Obligation (on a parity with any required transfers of Net System Revenues for the payment of the 2020 Installment Payments and any required transfers of Net System Revenues for the payment of all other Parity Obligations) for deposit in the applicable installment payment fund a sum equal to the amount of interest (or interest component of an installment payment or capital lease payment) becoming due under the applicable Issuing Documents on such installment payment date and a sum equal to the amount of the principal (or principal component of an installment payment or capital lease payment), if any, becoming due under the applicable Issuing Documents on such installment payment date; provided, that no such transfers to and deposits in such installment payment fund need be made if the amount available and contained therein is at least equal to the amount of interest (or interest component of an installment payment or capital lease payment) due under the applicable Issuing Document on such installment payment date, plus a sum equal to the principal (or principal component of an installment payment or capital lease payment), if any, becoming due under the applicable Issuing Documents on such installment payment date and if the applicable Issuing Documents do not require a replenishment of the amounts contained in the reserve account for such Parity Obligation.

(ii) Parity Obligation Reserve Account Deposits. After making the transfers and deposits required by paragraph (i) of this Section 7(d) currently due and payable, Net System Revenues shall be next allocated and applied as provided below:

(A) WIFIA Reserve Account Funding Deposits. On each WIFIA Reserve Account Annual Funding Date, the City shall, from Net System Revenues, transfer to the Trustee (on a parity with any required transfers of Net System Revenues for the replenishment of all reserve accounts for all other Parity Obligations) for deposit in the WIFIA Reserve Account a sum equal to the amount required to be transferred on such date pursuant to Section 14(h)(iii) (*Affirmative Covenants — System Accounts; Permitted Investments*).

(B) WIFIA Reserve Account Replenishment Deposits. On each WIFIA Reserve Account Semi-Annual Replenishment Date, the City shall, from Net System Revenues, transfer to the Trustee (on a parity with any required transfers of Net System Revenues for the replenishment of all reserve accounts for all other Parity Obligations) for deposit in the WIFIA Reserve Account a sum equal to the amount required to be transferred on such date pursuant to Section 14(h)(iii) (*Affirmative Covenants — System Accounts; Permitted Investments*).

(C) Other Parity Obligation Reserve Account Deposits. On each date required by the applicable Issuing Document for any other Parity Obligation (other than the 2020 Installment Payments), the City shall, from Net System Revenues, transfer to the applicable trustee for such other Parity Obligation (on a parity with any required transfers of Net System Revenues for the funding or replenishment of the WIFIA Reserve Account and any required transfers of Net System Revenues for the replenishment of all other reserve accounts for all other Parity Obligations) for deposit in the applicable reserve accounts for such other Parity Obligation a sum equal to the amount, if any, required by the terms of the applicable Issuing Document, to be necessary to restore such reserve account to the applicable reserve requirement, on such date (taking into account the then available balance of the applicable reserve account or the applicable reserve fund policy).

(iii) Other Parity Obligation Payments. After making the transfers and deposits required by paragraphs (i) and (ii) of this Section 7(d) currently due and payable, the City shall, from Net System Revenues, transfer to the applicable payee, a sum equal to the amount of any 2020 Additional Payments (including the Other WIFIA Payments) or any other amounts payable as Parity Obligations under the 2020 Installment Purchase Contract or any other amounts payable as Parity Obligations under any other applicable Issuing Documents for such Parity Obligations not already otherwise paid pursuant to paragraph (i) of this Section 7(d), including debt service, reserve replenishment, credit enhancement reimbursement costs and Payment Agreement Payments to the extent required with respect to any Parity Obligations.

(iv) Subordinate Obligation Payments. After making the transfers and deposits required by paragraphs (i), (ii) and (iii) of this Section 7(d) currently due and payable, the City shall, from Net System Revenues, transfer to the applicable trustee for any Subordinate Obligation, or for a Subordinate Obligation without a trustee, directly to the lender or holder of such Subordinate Obligation, as and to the extent required by the applicable Issuing Documents (on a parity with any required transfers of Net System Revenues for the payment of all other Subordinate Obligations), amounts necessary to (A) pay interest (or interest component of an installment payment or capital lease payment comprising) the Subordinate Obligation and principal of (or principal component of an installment payment or capital lease payment comprising) the Subordinate Obligation and (B) to replenish any reserve funds, if any, for any Subordinate Obligations.

(v) Surplus Net System Revenues. On any date, provided that all transfers and deposits required by paragraphs (i), (ii), (iii) and (iv) of this Section 7(d) currently due and payable have been made, any remaining Net System Revenues may be used for any lawful purpose of the City relating to the System, including, but not limited to the payment of any obligations secured by Net System Revenues on a priority subordinate to the Subordinate Obligations or the payment of any Termination Payment. For avoidance of doubt, any remainder of the Net System Revenues not required to make any of the payments required by paragraphs (i), (ii), (iii) and (iv) of this Section 7(d) or expended by the City at any time for any purpose permitted by law relating to the System as set forth above shall remain Net System Revenues and remain subject to the pledge and

lien provided in Section 7(a)(i) (*Security and Priority; Flow of Funds — Pledge*) available for all Parity Obligations.

(e) Application of Revenue Fund Generally.

(i) All System Revenues received shall be deposited into the Revenue Fund when and as received and applied only as set forth above.

(ii) The City shall not permit System Revenues or other assets of the System, or any funds in the Revenue Fund or any other System Account held by or on behalf of the City, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance or financing of, or capital improvements to, the System. The City shall not use System Revenues to make any payments or satisfy any obligations other than in accordance with the provisions of this Section 7 (*Security and Priority; Flow of Funds*) and shall not apply any portion of the System Revenues in contravention of this Agreement. The City shall manage, conserve and apply amounts on deposit in the Revenue Fund in such a manner that all deposits required to be made under Section 7(d) (*Security and Priority; Flow of Funds – Flow of Funds*) will be made at the times and in the amounts so required.

(iii) The City shall manage, conserve and apply moneys in the Revenue Fund in such a manner that all deposits required to be made under this Section and under the Issuing Documents will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the City may at any time use and apply moneys in the Revenue Fund for any one or more of the following purposes: (A) the acquisition and construction of improvements to the System; (B) the redemption of any Parity Obligations or other System Obligations, as the City in its discretion may determine; or (C) any other lawful purpose of the City relating to the System.

(f) Establishment of WIFIA Payment Account, Parity Obligation Payment Account and WIFIA Reserve Account. The City has previously established the Revenue Fund on its books of account and records, which the City shall continue to hold and maintain for the purposes and uses set forth herein. Within the Revenue Fund the City shall establish the WIFIA Payment Account, to be held by the City in trust solely for the benefit of the WIFIA Lender, which fund the City agrees and covenants to maintain and to hold separate and apart from other funds until the date the WIFIA Bond and the obligations of the City under the 2020 Installment Purchase Contract (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds. The City shall also establish the Parity Obligation Payment Account within the Revenue Fund, to be held by the City solely for the benefit of the Parity Obligations (other than the 2020 Installment Payments), which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as the City is required to maintain the WIFIA Payment Account hereunder. Amounts on deposit in the Parity Obligation Payment Account may be pledged only to secure Parity Obligations (other than the 2020 Installment Payments). The City shall not establish any payment accounts within the Revenue Fund nor set aside any amounts on the Revenue Fund for any Subordinate Obligations. The 2020 Trustee shall establish the WIFIA Reserve Account within the 2020 Installment Payment Fund pursuant to the 2020 Indenture, to be

held by the Trustee in trust solely for the benefit of the WIFIA Lender as the Holder of the WIFIA Bond, which fund the Trustee shall maintain and hold separate and apart from other funds until the date the WIFIA Bond and the obligations of the City under the 2020 Installment Purchase Contract (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds

(g) Deposits in the Event of Deficiency. After the City has made any required payments described in clauses (i) through (vii) of Section 7(d) (*Security and Priority; Flow of Funds – Flow of Funds*) above, any remaining amounts in the Revenue Fund shall be available for any lawful purpose of the City relating to the System; provided, however, if there shall be a deficiency at any time in Net System Revenues required to make the deposits required pursuant to clauses (i), (ii), (iii) or (iv) of Section 7(d) (*Security and Priority; Flow of Funds – Flow of Funds*) above, the City shall make the required deposits from Net System Revenues remaining in the Revenue Fund. For avoidance of doubt, any Net System Revenues remaining in the Revenue Fund after the City has made any required payments described in clauses (i), (ii), (iii) and (iv) of Section 7(d) (*Security and Priority; Flow of Funds – Flow of Funds*) and not otherwise expended by the City at any time for any purpose permitted by law relating to the System as set forth above shall be available to make the deposits required pursuant to clauses (i), (ii), (iii) or (iv) of Section 7(d) (*Security and Priority; Flow of Funds – Flow of Funds*) above in the event of such deficiency.

(h) Establishment of Rate Stabilization Fund. The City may establish a fund denominated the Rate Stabilization Fund. From time to time the City may deposit into the Rate Stabilization Fund, from current System Revenues, such amounts as the City shall determine and the amount of available current System Revenues in the City Fiscal Year shall be reduced by the amount so transferred. Amounts may be transferred from the Rate Stabilization Fund and deposited in the Revenue Fund, and any amounts so transferred within 270 days after the end of a City Fiscal Year shall be deemed System Revenues for such City Fiscal Year when so transferred. The City may also apply moneys on deposit in the Rate Stabilization Fund for any lawful purpose of the City relating to the System. All interest or other earnings upon amounts in the Rate Stabilization Fund may be withdrawn therefrom and accounted for as System Revenues in accordance with the terms of this Section or used for any lawful purpose of the City relating to the System.

Section 8. Payment of Principal and Interest.

(a) Payment of WIFIA Debt Service.

(i) On each Payment Date occurring on or after the Debt Service Payment Commencement Date, the Authority shall pay WIFIA Debt Service by making (i) semi-annual payments of interest, on each Interest Payment Date, (ii) annual payments of principal, on each Principal Payment Date, and (iii) payments of any other amounts on each other date on which payment thereof is required to be made hereunder (including the Final Maturity Date and any date on which payment is due by reason of the mandatory redemption or prepayment or the acceleration of the maturity of the WIFIA Loan or otherwise); provided, that if any such date is not a Business Day, payment shall be made on the next Business Day following such date. Payments of WIFIA Debt Service by the Authority shall be made in the amounts and on the Payment Dates as set forth in **Exhibit F**

(*WIFIA Debt Service; 2020 Installment Payment Schedule*), as the same may be revised pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Principal Amortization Schedule*), and payments of the corresponding 2020 Installment Payments by the City shall be made in the amounts and on the 2020 Installment Payment Dates as set forth in **Exhibit A** (*2020 Installment Payment Schedule*) of the 2020 Installment Purchase Contract as the same may be revised pursuant to Section 8(e) (*Payment of Principal and Interest – Adjustments to Principal Amortization Schedule*), and shall be calculated by the WIFIA Lender in such manner that each of such payment shall be approximately equal in amount, in order for the WIFIA Loan Balance to be reduced to \$0 on the Final Maturity Date. 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 of the WIFIA Loan shall be treated as a redemption of the WIFIA Bond. For the avoidance of doubt, interest on the WIFIA Loan Balance (and the corresponding WIFIA Bond) shall accrue and be calculated, only on the amounts advanced by the WIFIA Lender under this Agreement as and to the extent so advanced in accordance with Section 4 (*Disbursement Conditions*).

(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 (or on any earlier date on which the WIFIA Loan and corresponding WIFIA Bond are subject to mandatory redemption or prepayment prior to maturity thereof).

(b) 2020 Installment Payments; 2020 Installment Payment Schedule; 2020 Additional Payments. The City shall pay the 2020 Installment Payments pursuant to the 2020 Installment Purchase Contract in amounts sufficient to pay the principal of and interest on the WIFIA Bond. Payment of interest on each Interest Payment Date are reflected as the Interest Component of the 2020 Installment Payment due on the corresponding 2020 Installment Payment Date and payment of principal of the WIFIA Loan on each Principal Payment Date are reflected as the Principal Component of the 2020 Installment Payment due on the corresponding 2020 Installment Payment Date. The City shall also pay the Other WIFIA Payments, including but not limited to, payments to be made pursuant to Section 10 (*Fees and Expenses*), directly to the WIFIA Lender as 2020 Additional Payments pursuant to the 2020 Installment Purchase Contract.

(c) WIFIA Bond. As evidence of the Authority's obligation to repay the WIFIA Loan, the Authority shall issue and deliver to the WIFIA Lender, on or prior to the Effective Date, the WIFIA Bond substantially in the form of **Exhibit A** (*Form of WIFIA Bond*), having a maximum principal amount of \$108,000,000, bearing interest at the WIFIA Interest Rate and having principal and interest payable on the same dates set forth herein. 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. Payments of amounts due under the WIFIA Bond shall be secured as set forth in Section 7 (*Security and Priority; Flow of Funds*).

(d) Manner of Payment. Payments of the 2020 Installment Payments shall be made to the Trustee, as assignee of the Authority, pursuant to the 2020 Installment Purchase Contract. Payments to the WIFIA Lender as the Holder of the WIFIA Bond and payments to the WIFIA Lender of the Other WIFIA Payments under the 2020 Installment Purchase Contract shall be made by wire transfer on or before each Payment Date in Dollars and in immediately available

funds (without counterclaim, offset or deduction) in accordance with the payment instructions set forth in **Schedule IV** (*WIFIA Payment Instructions*), as may be modified in writing from time to time by the WIFIA Lender. The Authority may make any such payment or portion thereof (or direct the 2020 Trustee to make such payment) with funds then on deposit in the 2020 Installment Payment Fund. Payments of 2020 Installment Payments made by the City pursuant to the 2020 Installment Purchase Contract shall be made by wire transfer to the 2020 Trustee at least two (2) business days before each 2020 Installment Payment Date in Dollars and in immediately available funds (without counterclaim, offset or deduction). Payments of 2020 Additional Payments made by the City to the WIFIA Lender pursuant to the 2020 Installment Purchase Contract shall be made by wire transfer on or before the applicable due date in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions set forth in **Schedule IV** (*WIFIA Payment Instructions*), as may be modified in writing from time to time by the WIFIA Lender.

(e) Adjustments to Principal Amortization Schedule. (i) The WIFIA Loan Balance (and the corresponding Principal Components of the 2020 Installment Payments) will be (A) increased on each occasion on which the WIFIA Lender disburses loan proceeds hereunder, by the amount of such disbursement of loan proceeds; and (B) decreased upon each payment or prepayment of the WIFIA Loan Balance (and the corresponding Principal Components of the 2020 Installment Payments), by the amount of principal (or the corresponding Principal Components of the 2020 Installment Payments) so paid. The WIFIA Lender may in its discretion at any time and from time to time, or when so requested by the City, advise the City Related Parties and the 2020 Trustee by written notice of the amount of the WIFIA Loan Balance (and the corresponding Principal Components of the 2020 Installment Payments) as of the date of such notice, and its determination of such amount in any such notice shall be deemed conclusive absent manifest error.

(ii) The WIFIA Lender is hereby authorized by the City Related Parties to modify the Principal Amortization Schedule included in **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) from time to time and to make corresponding changes in the 2020 Installment Payment Schedule included in **Exhibit A** (*2020 Installment Payment Schedule*) of the 2020 Installment Purchase Contract from time to time (including after a prepayment of the WIFIA Loan Balance (and the corresponding Principal Components of the 2020 Installment Payments)), in accordance with the principles set forth below in this Section 8(e), 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 under this Agreement (taking into account if less than \$108,000,000 has been advanced by the WIFIA Lender under this Agreement), and (iii) such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan, this Agreement and the 2020 Installment Purchase Contract. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the Principal Amortization Schedule (and the corresponding changes to the 2020 Installment Payment Schedule) as a result of changes in the WIFIA Loan Balance shall be applied to reduce future payments due on the WIFIA Bond in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(d) (*Prepayment – General Prepayment Instructions*). Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) and the 2020 Installment

Payment Schedule included on **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) and in **Exhibit A** (*2020 Installment Payment Schedule*) of the 2020 Installment Purchase Contract shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner any City Related Party's obligations hereunder or under any other WIFIA Loan Document. The WIFIA Lender shall provide the City Related Parties and the 2020 Trustee with a copy of **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) and the 2020 Installment Payment Schedule included in **Exhibit A** (*2020 Installment Payment Schedule*) of the 2020 Installment Purchase Contract as revised, but no failure to provide or delay in providing the City Related Parties and the 2020 Trustee with such copy shall affect any of the obligations under this Agreement or the other WIFIA Loan Documents.

Section 9. Prepayment.

(a) Mandatory Prepayment. The Authority shall prepay one hundred percent (100%) of the WIFIA Loan Balance in full in immediately available funds upon the occurrence of a Bankruptcy Related Event of a City Related Party, the Event of Default in Section 17(a)(iv) (*Events of Default and Remedies — Acceleration of Parity Obligations*) or the Event of Default in Section 17(a)(viii) (*Events of Default and Remedies — Invalidity of WIFIA Loan Documents*). Such mandatory prepayment shall include all accrued and unpaid interest on the amount to be prepaid to the date of prepayment, without prepayment premium, and shall further include payment of all Other WIFIA Payments in respect of the WIFIA Loan, including fees and expenses, then due and payable. Each such mandatory prepayment of the WIFIA Loan Balance shall be treated as a mandatory prepayment by the City of the corresponding unpaid Principal Components of the 2020 Installment Payments, and shall include all accrued and unpaid Interest Components of the 2020 Installment Payments on the amount of the Principal Components of the 2020 Installment Payments to be prepaid to the date of prepayment, without prepayment premium, and shall further include all accrued and unpaid Interest Components of the 2020 Installment Payments to be prepaid to the date of prepayment, without prepayment premium, and shall further include payment of all 2020 Additional Payments under the 2020 Installment Purchase Contract in respect of the WIFIA Loan, including fees and expenses, then due and payable. Upon the occurrence of a Bankruptcy Related Event of a City Related Party or the Events of Default described above in this Section 9(a), the City shall promptly deliver to the WIFIA Lender a notice of such Bankruptcy Related Event or such Event of Default described above in this Section 9(a); provided, that the City's failure to deliver such notice shall not diminish, impair or otherwise affect the Authority's obligation to make any such mandatory prepayment including payment of the other amounts set forth in this Section 9(a) (and the City's obligation to prepay any corresponding unpaid Principal Components of the 2020 Installment Payments including payment of the other amounts set forth in this Section 9(a)) as and when the circumstances requiring such mandatory prepayment have occurred.

(b) Optional Prepayments. The Authority may prepay the WIFIA Loan in whole at any time or in part on any Payment Date (but in the case of a partial prepayment the Authority is limited to one prepayment annually and, if in part, the amounts thereof to be prepaid shall be determined by the Authority; provided, however, that such prepayments shall be in principal amounts of \$1,000,000 or any integral multiple of \$1.00 in excess thereof), from time to time, without penalty or premium, 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 shall further include payment of all 2020 Additional Payments under the 2020 Installment Purchase Contract in respect of the WIFIA Loan, including fees and expenses, then due and payable. Each prepayment of the WIFIA Loan pursuant to this Section 9(b) shall be made on such Payment Date and in such principal amount as shall be specified by the Authority in a written notice delivered to the WIFIA Lender not less than ten (10) days or more than thirty (30) days prior to the date set for prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Authority may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Each such optional prepayment of the WIFIA Loan shall be treated as an optional prepayment by the City of the corresponding unpaid Principal Components of the 2020 Installment Payments, together with the unpaid Interest Components of the 2020 Installment Payments accrued on the Principal Components of the 2020 Installment Payments so prepaid to the date of such prepayment, and shall further include payment of all 2020 Additional Payments under the 2020 Installment Purchase Contract in respect of the WIFIA Loan, including fees and expenses, then due and payable. Anything in this Section 9(b) to the contrary notwithstanding, the failure by the Authority to make any optional prepayment shall not constitute a breach or default under this Agreement. Principal prepayments shall be applied in inverse order of maturity.

(c) [Reserved]

(d) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full of the entire WIFIA Loan Balance and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a mandatory or optional prepayment, the WIFIA Lender shall surrender the WIFIA Bond to the Authority or its representative at the principal office of the WIFIA Lender. If the Authority prepays only part of the unpaid balance of principal of the WIFIA Loan, the WIFIA Lender may make a notation on **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment 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 **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Authority's obligations hereunder or under any other WIFIA Loan Document. All such partial prepayments of principal shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity. 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 City shall pay to the WIFIA Lender as 2020 Additional Payments under the 2020 Installment Purchase Contract:

(i) a servicing set-up fee equal to \$15,610.00 (the "**Servicing Set-Up Fee**"), which shall be due and payable within thirty (30) days after receipt of an invoice

from the WIFIA Lender with respect thereto (or, if earlier, the first disbursement date of the WIFIA Loan);

(ii) an annual construction period servicing fee equal to \$15,610.00 (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 Construction Period (including the Federal Fiscal Year during which the Substantial Completion Date occurs); and

(iii) an annual operating period servicing fee equal to \$7,810.00 (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 City 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 City agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, as 2020 Additional Payments pursuant to the 2020 Installment Purchase Contract, within thirty (30) days after receipt 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 protection or preservation of any right or claim under, the Collateral 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, waiver, or consent with respect to this Agreement or any other Related Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of the City Related Parties under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default.

(d) The obligations of the City 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 such amendments, waivers or consents, 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 City Related Parties shall have duly executed and delivered to the WIFIA Lender this Agreement, the WIFIA Bond, the 2020 Indenture and the 2020 Installment Purchase Contract, each in form and substance satisfactory to the WIFIA Lender.

(ii) The City shall have delivered to the WIFIA Lender complete and fully executed copies of each of the WIFIA Loan Documents, together with any amendments, waivers or modifications thereto, 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 such documents that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled.

(iii) The City shall have delivered to the WIFIA Lender complete and fully executed copies of each Existing Principal Project Contract, together with any amendments, waivers or modifications thereto, along with a certification in the Closing Certificate that each such document is complete, fully executed and in full force and effect.

(iv) The City Related Parties shall have delivered to the WIFIA Lender (A) a copy of the Charter of the City as in effect on the Effective Date, along with a certification in the Closing Certificate that such Charter is in full force and effect, (B) certified copies of the Authority's joint exercise of powers agreement, notice of a joint powers agreement filed with the Secretary of State and roster of public agencies filing and acknowledgment from the Secretary of State each as of a date within 30 days prior to the Effective Date, along with a certification in the Closing Certificate that such Organizational Documents are in full force and effect, and (C) other than the 2020 Indenture, the 2020 Installment Purchase Contract, the WIFIA Resolution and the Authority Resolution, all further instruments and documents (including any resolutions, ordinances, and supplements) as are necessary for the City Related Parties to execute and deliver, and to perform its respective obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

(v) Counsel to the City 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 G-1** (*Opinions Required from Counsel to City*), counsel to the Authority 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 G-2** (*Opinions Required from Counsel to Authority*) and bond counsel to the Authority 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 G-3** (*Opinions Required from Bond Counsel*)).

(vi) Each City Related Party shall have delivered to the WIFIA Lender the Non-Debarment Certificate.

(vii) The City shall have delivered to the WIFIA Lender the Non-Lobbying Certificate.

(viii) The City shall have delivered to the WIFIA Lender a certificate, together with an incumbency certificate, signed by the City's Authorized Representatives, substantially in the form attached hereto as **Exhibit I-1** (*Form of City Closing Certificate*) (the "**City Closing Certificate**") (A) designating the City's Authorized Representative, (B) confirming such person's position and incumbency, and (C) certifying as to the satisfaction of the following conditions precedent:

(1) the aggregate of all funds committed to the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are, as of the Effective Date, reasonably expected to be sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;

(2) each City Related Party has obtained all Governmental Approvals necessary (x) as of the Effective Date in connection with the Project and (y) to execute and deliver, and perform its obligations under the WIFIA Loan Documents, and all such Governmental Approvals are final, non-appealable, and in full force and effect (and are not subject to any notice of violation, breach, or revocation);

(3) as of the Effective Date, (x) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the City, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (y) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;

(4) the City is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with

respect to the Project, and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such compliance;

(5) the City has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;

(6) the City has (A) obtained a Federal Employer Identification Number, (B) obtained a Data Universal Numbering System number, and (C) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

(7) the City has obtained a CUSIP number for the WIFIA Bond for purposes of monitoring through EMMA;

(8) the representations and warranties of each City Related Party set forth in this Agreement and in each other Related Document to which it 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

(9) 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 September 4, 2019.

(ix) The Authority shall have delivered to the WIFIA Lender a certificate, together with an incumbency certificate, signed by the Authority's Authorized Representatives, substantially in the form attached hereto as **Exhibit I-2** (*Form of Authority Closing Certificate*) (the "**Authority Closing Certificate**") (A) designating the Authority's Authorized Representative, (B) confirming such person's position and incumbency, and (C) certifying as to certain other matters.

(x) The City shall have delivered to the WIFIA Lender a duly executed certificate from the 2020 Trustee in the form attached hereto as **Exhibit H** (*Form of Certificate of 2020 Trustee*).

(xi) The City shall have provided evidence to the WIFIA Lender's satisfaction, no more than thirty (30) days prior to the Effective Date, of the assignment by at least two (2) Nationally Recognized Rating Agencies of a public Investment Grade Rating to the Parity Obligations then Outstanding and any Parity Obligations proposed to be issued for the Project (including the WIFIA Loan) and a public rating on the WIFIA Bond, along with a certification in the Closing Certificate that no such rating has been reduced, withdrawn or suspended as of the Effective Date.

(xii) The City shall have delivered to the WIFIA Lender a Base Case Financial Model in form and substance acceptable to the WIFIA Lender, along with a certification in the Closing Certificate that such Base Case Financial Model

(A) demonstrates that projected System Revenues are sufficient to meet the Principal Amortization Schedule, (B) demonstrates compliance with the Rate Covenant for each City Fiscal Year through the Final Maturity Date, and that the Coverage Requirement and the Total Debt Coverage Requirement for each Payment Period through the Final Maturity Date is satisfied; (C) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender and (D) demonstrates that the City has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over the useful life of the Project.

(xiii) The City shall have delivered to the WIFIA Lender (A) (1) certificates of insurance or (2) if the City is self-insured, a certificate of the City's risk management department pertaining to the City's self-insurance program, in each case along with a certification in the Closing Certificate that such insurance certificate is true and correct and demonstrates compliance with the requirements of Section 14(f) (*Affirmative Covenants – Insurance*), or such other documents satisfactory to the WIFIA Lender and (B) at the WIFIA Lender's request, copies of such insurance policies and/or, if applicable, documents pertaining to the City's self-insurance program.

(xiv) No later than thirty (30) days prior to the Effective Date, the City shall have delivered to the WIFIA Lender the Public Benefits Report.

(xv) The City shall have provided the WIFIA Lender records of any Eligible Project Costs incurred prior to the Effective Date as may be requested by the WIFIA Lender, in form and substance satisfactory to the WIFIA Lender.

(xvi) The City shall have paid in full all invoices delivered by the WIFIA Lender to the City as of the Effective Date 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.

(xvii) The WIFIA Payment Account shall have been established by the City within the Revenue Fund and the WIFIA Reserve Account shall have been established by the 2020 Trustee within the 2020 Installment Payment Fund pursuant to the 2020 Indenture.

(xviii) The City shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender, all in form and substance satisfactory to the WIFIA Lender.

(b) Conditions Precedent to Disbursements. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any disbursement of loan proceeds to the City as agent of the Authority (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 City shall have provided to the WIFIA Lender evidence satisfactory to the WIFIA Lender that (A) the aggregate amount of all disbursements of the WIFIA Loan (including the requested disbursement) shall not exceed (1)\$108,000,000,

(2) the amount of Eligible Project Costs paid or incurred by the City, and (3) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule; (B) the City has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs; and (C) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.

(ii) The City shall have provided an Updated Financial Model in compliance with the requirements of Section 16(a) (*Reporting Requirements – Updated Financial Model*).

(iii) The City shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*) (including satisfactory Eligible Project Costs Documentation relating to such Requisition), and the WIFIA Lender shall have approved (or be deemed to have approved in accordance with Section 4(b) (*Disbursement Conditions*)) such Requisition. The City's Authorized Representative shall also certify in such Requisition that:

(A) all Governmental Approvals necessary as of the time of such disbursement for the development, construction, operation and maintenance of the Project have been issued and are in full force and effect (and are not subject to any notice of violation, breach or revocation);

(B) each of the insurance policies obtained by the City and by any applicable Principal Project Party in satisfaction of the conditions in Section 14(f) (*Affirmative Covenants – Insurance*) is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider;

(C) at the time of, and immediately after giving effect to, any disbursement of WIFIA Loan proceeds then currently requested, (A) no Default or Event of Default hereunder shall have occurred and be continuing and (B) no event of default or default that, with the giving of notice or the passage of time or both, would constitute an event of default, in each case, under any other Related Document, shall have occurred and be continuing. No Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, shall have occurred since September 4, 2019;

(D) the City, 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 without limitation 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; and

(E) the representations and warranties of the City Related Parties set forth in this Agreement (including Section 12 (*Representations and Warranties of City Related Parties*)) and in each other Related Document shall be 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 shall be true and correct as of such earlier date).

(iv) To the extent not previously delivered to the WIFIA Lender, the City shall have delivered to the WIFIA Lender copies of any Financing Documents (including any amendment, modification or supplement thereto) entered into after the Effective Date, along with a certification in the Requisition that each such document is complete, fully executed and in full force and effect.

(v) To the extent not previously delivered to the WIFIA Lender, the City shall have provided copies of any Principal Project Contracts (including any amendment, modification or supplement thereto) entered into after the Effective Date, along with a certification in the Requisition that each such document is complete, fully executed and in full force and effect.

(vi) The City shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices received from the WIFIA Lender as of the date of disbursement of the WIFIA Loan and delivered by the WIFIA Lender to the City, 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 City Related Parties. Each City Related Party 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) (*Representations and Warranties of City Related Parties – Officers' Authorization*), Section 12(k) (*Representations and Warranties of City Related Parties – Credit Ratings*), and the first sentence of Section 12(n) (*Representations and Warranties of City Related Parties – Principal Project Contracts*), as of each date on which any disbursement of the WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The Authority is a joint exercise of powers authority 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 Related Documents then in existence, to execute and deliver this Agreement and the WIFIA Bond, 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 Related Documents. The City is a municipal corporation and chartered city 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 Related

Documents then in existence, to execute and deliver this Agreement and the 2020 Installment Purchase Contract, 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 2020 Installment Purchase Contract, and the Related Documents.

(b) Officers' Authorization. As of the Effective Date, the officers of each City Related Party executing (or that previously executed) the Related Documents, and any certifications or instruments related thereto, to which such City Related Party 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 Related Documents in effect as of any date on which this representation and warranty is made, and to which a City Related Party is a party has been duly authorized, executed and delivered by such City Related Party and constitutes the legal, valid and binding agreement of such City Related Party enforceable against such City Related Party 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 Related Documents to which a City Related Party is a party, the consummation of the transactions contemplated by the Related Documents, and the fulfillment of or compliance with the terms and conditions of all of the Related Documents, will not (i) conflict with such City Related Party'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 such City Related Party 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 such City Related Party 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 prohibited Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of such City Related Party.

(e) Consents and Approvals. No consent or approval of any trustee, holder of any obligations (including but not limited to, any installment payment obligations) of a City Related Party or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with (i) the execution and delivery by such City Related Party of the Related Documents, except as have been obtained or made and as are in full force and effect, or (ii) (A) the consummation of any transaction contemplated by any Related Documents or (B) the fulfillment of or compliance by such City Related Party with the terms and conditions of any of the Related Documents, except as have been obtained or made and as are in full force and effect or as are ministerial in nature and can reasonably be expected to be obtained or made in the ordinary course on commercially reasonable terms and conditions when needed.

(f) Litigation. There is no action suit, proceeding or, to the knowledge of the City Related Parties, any inquiry or investigation, in any case before or by any court or other

Governmental Authority pending or, to the knowledge of the City Related Parties, threatened against or affecting the System (including the Project) or the ability of the City Related Parties to execute, deliver and perform its respective obligations under the Related Documents. As of the Effective Date and as of each other date on which the representations and warranties herein are made or confirmed, there is no action, suit, proceeding or, to the knowledge of the City Related Parties, any inquiry or investigation before or by any court or other Governmental Authority pending, or to the knowledge of the City Related Parties, threatened against or affecting the System (including the Project), a City Related Party or the assets, properties or operations of a City Related Party, that in any case could reasonably be expected to result in a Material Adverse Effect. To the City Related Parties' knowledge, there are no actions of the type described above pending or, threatened against or affecting any of the Principal Project Parties, except for matters arising after the Effective Date that could not reasonably be expected to (i) result in a Material Adverse Effect or (ii) adversely affect the City's ability to receive System Revenues in amounts sufficient to meet the financial projections contained in the Base Case Financial Model (or any Updated Financial Model, to the extent any Updated Financial Model has been approved by the WIFIA Lender) or to pay the 2020 Installment Payments. Neither City Related Party is in default (and no event has occurred and is continuing that, with the giving of notice or the passage of time or both, could constitute a default) with respect to any Governmental Approval, which default could reasonably be expected to result in a Material Adverse Effect.

(g) Security Interests.

(i) Authority Security Interests. Pursuant to Section 9109(d)(17) of the California Commercial Code and Section 5451 of the California Government Code, the Authority has taken all necessary action to pledge, assign, and grant, in each case, to the 2020 Trustee for the benefit of the WIFIA Lender, as the Holder of the WIFIA Bond, legal, valid, binding and enforceable Liens on the Trust Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the WIFIA Loan Documents, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such Liens on the Trust Collateral are in full force and effect and are not subordinate or junior to any other Liens in respect of the Trust Collateral except for the Permitted Liens arising by operation of law.

(ii) City Security Interests. Pursuant to Section 9109(d)(17) of the California Commercial Code and Section 5451 of the California Government Code, the City has taken all necessary action to pledge, assign, and grant, in each case, to the Authority, as assigned to the 2020 Trustee for the benefit of the WIFIA Lender, as the Holder of the WIFIA Bond, legal, valid, binding and enforceable Liens on the Pledged Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the WIFIA Loan Documents, in each case irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such Liens on the Pledged Collateral are in full force and effect and are not subordinate or junior to any other Liens in respect of the Pledged Collateral except for the Permitted Liens arising by operation of law, and are not *pari passu* with any obligations other than the Parity Obligations.

The City Related Parties are not in breach of any covenants set forth in Section 14(b) (*Affirmative Covenants – Securing Liens*) or in the Financing Documents with respect to the matters described in Section 14(b) (*Affirmative Covenants – Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (i) 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 Lien on the Trust Collateral in favor of the 2020 Trustee for the benefit of the WIFIA Lender, as the Holder of the WIFIA Bond, to the extent contemplated by the WIFIA Loan Documents and a legal, valid, binding, and enforceable Lien on the Pledged Collateral in favor of the WIFIA Lender to the extent contemplated by the WIFIA Loan Documents, and (ii) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any WIFIA Loan Documents or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability or priority of the security interest in the Collateral granted pursuant to the WIFIA Loan Documents by the City or the Authority is governed by the UCC.

(h) No Debarment. Each City Related Party has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, no City Related Party nor any of their respective principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters or delinquent on a Government debt as more fully set forth in the certificate delivered pursuant to Section 11(a)(vi) (*Conditions Precedent – Conditions Precedent to Effectiveness*).

(i) Accuracy of Representations and Warranties. The representations, warranties and certifications of the City Related Parties set forth in this Agreement and the other Related 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).

(j) Compliance with Laws.

(i) The City, 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 without limitation 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).

(ii) To ensure such compliance, the City has included in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractor(s) (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) (including without limitation with respect to the Davis-Bacon Act requirements).

(iii) No notices of violation of any applicable law have been issued, entered or received by the City or, to the City's knowledge and solely in respect of the Project or any Principal Project Contract, any Principal Project Party, other than, in each case, notices of violations that are immaterial.

(iv) None of the City Related Parties nor, to the knowledge of the City Related Parties, any Principal Project Party, is (A) a Sanctioned Person or (B) in violation of or, since the date that is five (5) years prior to the Effective Date, has violated: (1) any applicable Anti-Money Laundering Laws; (2) any applicable Sanctions; (3) any applicable Anti-Corruption Laws; or (4) any applicable anti-drug trafficking, anti-terrorism, or anti-corruption laws, civil or criminal. There are no pending or, to the knowledge of the City Related Parties, threatened claims or investigations by any Governmental Authority against, or any internal investigations conducted by, any City Related Party or any Principal Project Party, with respect to any possible or alleged violations of any Sanctions, Anti-Money Laundering Laws, Anti-Corruption Laws, or any anti-drug trafficking or anti-terrorism laws. No use of proceeds of the WIFIA Loan or any other transaction contemplated by this Agreement or any other Related Document will violate any applicable Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws, or any applicable anti-drug trafficking or anti-terrorism laws.

(k) Credit Ratings. The WIFIA Bond and the Parity Obligations then Outstanding have received a public Investment Grade Rating from at least two (2) Nationally Recognized Rating Agencies, the WIFIA Loan has received a public rating from at least two (2) Nationally Recognized Rating Agencies, written evidence of such ratings has been provided to the WIFIA Lender prior to the Effective Date, and no such rating has 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 any City Related Party under any Related Document (excluding Principal Project Contracts), has occurred and is continuing.

(m) Governmental Approvals. All Governmental Approvals required as of the Effective Date and any subsequent date on which this representation is made (or deemed made) for the undertaking and completion by the City of the Project, and for the operation and management thereof, have been obtained or effected and are in full force and effect and there is no basis for, nor proceeding that is pending or threatened that could reasonably be expected to result in, the revocation of any such Governmental Approval.

(n) Principal Project Contracts. Attached as **Schedule 12(n)** (*Principal Project Contracts*) is a list of the Existing Principal Project Contracts and all Additional Principal Project Contracts that are expected to be entered into. With respect to each Principal Project Contract executed as of any date on which this representation and warranty is made, (x) it is in full force and effect, (y) all conditions precedent to the obligations of the respective parties under each such Principal Project Contract have been satisfied and (z) the City has delivered to the WIFIA Lender a fully executed, complete and correct copy of each such Principal Project Contract, including any amendments or modifications thereto and any related credit support instruments or side letters. No event has occurred that gives the City or, to the City's knowledge, any Principal Project Party, the

right to terminate any such Principal Project Contract. The City is not in breach of any material term in or in default under any of such Principal Project Contracts, and to the knowledge of the City no party to any of such agreements or contracts is in breach of any material term therein or in default thereunder.

(o) Information. The information furnished by, or on behalf of, the City Related Parties 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 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 not misleading as of the date made or furnished.

(p) Environmental Matters. Each of the City and, to the City's knowledge, each Principal Project Party, is in compliance with all laws applicable to the System (including the Project) relating to (i) air emissions, (ii) discharges to surface water or ground water, (iii) noise emissions, (iv) solid or liquid waste disposal, (v) the use, generation, storage, transportation or disposal of toxic or hazardous substances or wastes, (vi) biological resources (such as threatened and endangered species), and (vii) other environmental, health or safety matters, including all laws applicable to the System (including the Project) (collectively, the "**Environmental Laws**"). All Governmental Approvals for the Project relating to Environmental Laws have been, or, when required, will be, obtained and are (or, as applicable, will be) in full force and effect. The City has not received any written communication or notice, whether from a Governmental Authority, employee, citizens group, or any other Person, that alleges that the City is not in full compliance with all Environmental Laws and Governmental Approvals relating thereto in connection with the Project and, to the City's knowledge, there are no circumstances that may prevent or interfere with full compliance in the future by the City or any other City Related Party with any such Environmental Law or Governmental Approval. The City has provided to the WIFIA Lender all material assessments, reports, results of investigations or audits, and other material information in the possession of or reasonably available to the City regarding the City's or the Project's compliance with (A) Environmental Laws and (B) Governmental Approvals that are required for the Project and relate to Environmental Laws.

(q) Sufficient Rights. The City possesses either valid legal and beneficial title to, leasehold title in, or other valid legal rights with respect to the real property relating to the System (including the Project), in each case as is necessary and sufficient as of the date this representation is made for the construction, operation, maintenance and repair of the System (including the Project). As of any date on which this representation and warranty is made, the Principal Project Contracts then in effect and the Governmental Approvals that have been obtained and are then in full force and effect create rights in the City sufficient to enable the City to own, construct, operate, maintain and repair the System (including the Project) and to perform its obligations under the Principal Project Contracts to which it is a party.

(r) Insurance. The City is in compliance with all insurance obligations required under each Principal Project Contract and the other Related Documents as of the date on which this representation and warranty is made. To the extent the City self-insures, the City's self-insurance program is actuarially sound and the City has received an opinion from an accredited

actuary within the last twelve (12) months, which opinion confirms that the City's self-insurance program is actuarially sound or such other evidence acceptable to the WIFIA Lender demonstrating that City's self-insurance program is adequately funded.

(s) No Liens. Except for Permitted Liens, no City Related Party has created, nor is 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 Collateral, the System, the Project, the System Revenues, or the properties or assets in relation to the Project.

(t) Financial Statements. Each income statement, balance sheet and statement of operations and cash flows (collectively, "**Financial Statements**") delivered to the WIFIA Lender pursuant to Section 16(b) (*Reporting Requirements – Annual Financial Statements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition of the City as of the respective dates of the balance sheets included therein and the results of operations of the City for the respective periods covered by the statements of income included therein. Except as reflected in such Financial Statements, there are no liabilities or obligations of the City of any nature whatsoever for the period to which such Financial Statements relate that are required to be disclosed in accordance with GAAP.

(u) 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 2020 Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(v) Taxes. The City is not required to file tax returns with any Governmental Authority. The Authority is not required to file tax returns with any Governmental Authority.

(w) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed for the development and construction of the Project as set forth under the various sources of funds in the Base Case Financial Model and 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.

(x) Sovereign Immunity. The Authority 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 Authority under any of the Related Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of the Authority hereunder and thereunder, or, to the extent that the Authority has such immunity, the Authority has waived such immunity pursuant to Section 14(o) (*Affirmative Covenants – Immunity*). The City 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 City under any of the Related Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of the City hereunder and thereunder, or, to the extent that the City has such immunity, the City has waived such immunity pursuant to Section 14(o) (*Affirmative Covenants – Immunity*).

(y) Patriot Act. The City is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act. The Authority is not required to establish an anti-money laundering compliance program pursuant to the Patriot Act.

(z) No Federal Debt. No City Related Party has 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).

(aa) Special Revenues. The City Related Parties will take a position in any legal proceedings that the Net System Revenues that are pledged to the WIFIA Bond pursuant to the 2020 Installment Purchase Contract and the WIFIA Loan Agreement are “special revenues” within the meaning of Section 902(2) of the Bankruptcy Code, that those special revenues are, pursuant to the 2020 Installment Purchase Contract and the WIFIA Loan Agreement, subject to a lien resulting from a security agreement, that the automatic stay of Sections 362(a) and 922(a) of the Bankruptcy Code will not operate as a stay of the application of the Net System Revenues to payment of the 2020 Installment Payments and the 2020 Additional Payments (including the Other WIFIA Payments) in a manner consistent with the provisions of the Bankruptcy Code, and that the Net System Revenues acquired by the City after the commencement of a bankruptcy case shall remain subject to the lien on the Net System Revenues resulting from the 2020 Installment Purchase Contract and the WIFIA Loan Agreement.

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 Related Documents to which it is a party.

(b) Due Execution; Enforceability. The Related 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 Related 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. Each City Related Party covenants and agrees as follows until the date the WIFIA Bond and the obligations of the Authority under the WIFIA Bond and this Agreement and the 2020 Installment Payments and 2020 Additional Payments and the obligations of the City under the 2020 Installment Purchase Contract and this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant.

(i) Rate Covenant: Parity Obligations. The City will fix, prescribe and collect rates, fees and charges for the Wastewater Service during each City Fiscal Year which are estimated to yield Net System Revenues for such City Fiscal Year equal to at least the Coverage Requirement for such City Fiscal Year; *provided, however*, that for purposes of this Section 14(a)(i) (*Affirmative Covenants — Rate Covenant — Rate Covenant: Parity Obligations*), Net System Revenues in such City Fiscal Year shall not include any amounts in the Rate Stabilization Fund but may include any amount already transferred from the Rate Stabilization Fund to the Revenue Fund for such City Fiscal Year. The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net System Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of this section. For purposes of determining the amount of principal to be considered for purposes of this calculation, with respect to Parity Obligations that are Draw Down Obligations, the foregoing amount shall be calculated based only on amounts that have actually been drawn down by the City and disbursed by the lender or registered owner of such Draw Down Obligation and not repaid and the amount of Parity Debt Service for such Draw Down Obligation for such City Fiscal Year shall otherwise be calculated as provided in the applicable Issuing Document for such Draw Down Obligation.

(ii) Rate Covenant: Total Debt. The City will fix, prescribe and collect rates, fees and charges for the Wastewater Service during each City Fiscal Year which are estimated to yield Net System Revenues for such City Fiscal Year equal to at least the Total Debt Coverage Requirement for such City Fiscal Year; *provided, however*, that for purposes of this Section 14(a)(ii) (*Affirmative Covenants — Rate Covenant — Rate Covenant: Total Debt*), Net System Revenues in such City Fiscal Year shall not include any amounts in the Rate Stabilization Fund but may include any amount already transferred from the Rate Stabilization Fund to the Revenue Fund for such City Fiscal Year. The City may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net System Revenues from such reduced rates, fees and charges are estimated to be sufficient to meet the requirements of this section. For purposes of determining the amount of principal to be considered for purposes of this calculation, with respect to System Obligations that are Draw Down Obligations, the foregoing amount shall be calculated based only on amounts that have actually been drawn down by the City and disbursed by the lender or registered owner of such Draw Down Obligation and not repaid and the amount of Total Debt Service for such Draw Down Obligation for such City Fiscal Year shall otherwise be calculated as provided in the applicable Issuing Document for such Draw Down Obligation (collectively with the covenant set forth in clause (i) above, the “**Rate Covenant**”).

(iii) If the forecast furnished by the City in the most recent Updated Financial Model delivered by the City pursuant to Section 16(a) (*Reporting Requirements – Updated Financial Model*) demonstrates that projected Net System Revenues may be inadequate to satisfy the Rate Covenant for any City Fiscal Year until the Final Maturity

Date, or if the City fails to satisfy the Rate Covenant for the most recently ended City Fiscal Year, the City shall (A) within thirty (30) days after request by the WIFIA Lender, engage the Technical and Rate Consultant to review and analyze the operations of the System and recommend actions regarding revising the rates or changing the methods of operations, or any other actions to increase the Net System Revenues so as to satisfy the Rate Covenant, (B) cause the Technical and Rate Consultant to issue its report, including any such recommended actions, no later than ninety (90) days following such engagement, and (C) either, within thirty (30) days, (1) implement the Technical and Rate Consultant's recommendation or (2) undertake an alternative course of action after demonstrating to the WIFIA Lender's satisfaction that an alternative plan will generate an equivalent or greater increase to the Net System Revenues so as to satisfy the Rate Covenant.

(b) Securing Liens. Each City Related Party 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 Collateral (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 a City Related Party may become bound to grant, and the City Related Parties shall at all times maintain the Collateral free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto that has priority over, or equal rank with, the Liens created by the WIFIA Loan Documents, other than as permitted by this Agreement, and all organizational, regulatory or other necessary action on the part of the City Related Parties to that end shall be duly and validly taken at all times. The City Related Parties shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Collateral granted pursuant to the WIFIA Loan Documents and for the benefit of the WIFIA Lender under the WIFIA Loan Documents against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The City shall use the proceeds of the WIFIA Loan for purposes permitted by applicable law and as otherwise permitted under this Agreement and the other Related Documents.

(d) Prosecution of Work; Verification Requirements.

(i) The City shall diligently prosecute the work relating to the Project and complete the Project in accordance with the Construction Schedule, the Governmental Approvals in connection with the Project, and the highest standards of the City's industry.

(ii) The City shall ensure that each Principal Project Party complies with all applicable laws and legal or contractual requirements with respect to any performance security instrument delivered by such Principal Project Party to the City and shall ensure that any letter of credit provided pursuant to any Principal Project Contract meets the requirements therefor set forth in such Principal Project Contract.

(iii) The City 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 City shall (i) operate and maintain the System (including, but not limited to, the Project) in a reasonable and prudent manner and (ii) maintain the System (including the Project) in good repair, working order and condition and in accordance with the requirements of all applicable laws and each applicable Related Document. The City shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business.

(f) Insurance.

(i) The City shall at all times procure and maintain or cause to be maintained insurance on the System and the construction of the Project, with responsible insurers, or as part of a reasonable system of self-insurance that is adequately funded, in such amounts and against such risks (including damage to or destruction of the 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. All policies of insurance required to be maintained herein shall, to the extent reasonably obtainable, provide that the WIFIA Lender shall be given thirty (30) days written notice of any intended cancellation thereof or reduction of coverage provided thereby. The City shall cause each Principal Project Party to obtain and maintain builders risk and casualty and liability insurance in accordance with the requirements of the applicable Principal Project Contract.

(ii) The City shall (by self-insuring or maintaining with responsible insurers or by a combination thereof) provide for workers' compensation insurance for City's workers and insurance against public liability and property damage to the System (including the Project) to the extent reasonably necessary to protect the City and the WIFIA Lender.

(iii) The City shall (by self-insuring or maintaining with responsible insurers or by a combination thereof) provide for general liability insurance for direct or contingent loss or liability for damages for bodily and personal injury, death or property damage in the minimum liability limit of \$5,000,000 per occurrence. The City shall cause all liability insurance policies that it maintains (and, during the Construction Period, all liability insurance policies that are maintained by any Principal Project Party), other than workers' compensation insurance, to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

(iv) Promptly upon request by the WIFIA Lender, the City shall deliver to the WIFIA Lender copies of any underlying insurance policies obtained by or on behalf of the City in respect of the Project. All such policies shall be available at all reasonable times for inspection by the WIFIA Lender, its agents and representatives.

(v) The City shall comply with the insurance requirements of the WIFIA Loan Documents and shall deliver to the WIFIA Lender within thirty (30) days

after receipt thereof any certifications or opinions provided to the City pursuant to the WIFIA Loan Documents with respect to the City's program of insurance or self-insurance.

(g) Maintain Legal Structure. The Authority shall maintain its existence as a joint exercise of powers authority organized and existing under its Organizational Documents and the laws of the State. The City shall maintain its existence as a municipal corporation and chartered city organized and existing under its Organizational Documents and the laws of the State.

(h) System Accounts; Permitted Investments.

(i) The City shall maintain the Revenue Fund in accordance with the terms hereof and the Financing Documents. All System Revenues received shall be deposited into the Revenue Fund when and as received in trust for the benefit of the Holders of the System Obligations, subject to the application of System Revenues to Operation and Maintenance Expenses of the System.

(ii) The City shall establish and maintain the WIFIA Payment Account in accordance with the terms hereof and the Financing Documents, for the purposes of making the 2020 Installment Payments in amounts sufficient to pay the principal of and interest on the WIFIA Bond as required pursuant to Section 8 (*Payment of Principal and Interest*). On or before each 2020 Installment Payment Date, moneys in the WIFIA Payment Account shall be applied to pay the 2020 Installment Payment due on such 2020 Installment Payment Date.

(iii) The City shall cause the 2020 Trustee to establish and maintain the WIFIA Reserve Account within the 2020 Installment Payment Fund in an amount equal to the WIFIA Reserve Requirement in accordance with the provisions of Section 7(f) (*Security and Priority; Flow of Funds — Establishment of WIFIA Payment Account, Parity Obligation Payment Account and WIFIA Reserve Account*) and the provisions of the applicable Financing Documents, including the corresponding sections of the 2020 Indenture. All money in the WIFIA Reserve Account shall be used and withdrawn by the 2020 Trustee solely for the purpose of paying the interest on or principal of or redemption premiums, if any, on the WIFIA Bond if no other money is available in the 2020 Installment Payment Fund for such purpose. The WIFIA Reserve Account shall be funded from Net System Revenues over a five (5) year period commencing with the first WIFIA Reserve Account Annual Funding Date following the initial disbursement of proceeds of the WIFIA Loan by transferring from the Revenue Fund to the WIFIA Reserve Account on each WIFIA Reserve Account Annual Funding Date an amount equal to one-fifth (1/5th) of the WIFIA Reserve Requirement, with the final transfer in an amount sufficient to cause the balance in the WIFIA Reserve Account to be equal to the WIFIA Reserve Requirement. If on any 2020 Installment Payment Date amounts in the WIFIA Payment Account are insufficient to pay the 2020 Installment Payment due on such 2020 Installment Payment Date, amounts in the WIFIA Reserve Account shall be transferred to the WIFIA Payment Account in the amount of such insufficiency. If at any time following full initial funding of the WIFIA Reserve Account the balance in the WIFIA Reserve Account is less than the WIFIA Reserve Account Requirement, and for this purpose all investments in each such account shall be valued at the face value thereof if such investments mature within twelve

(12) months from the date of such valuation, or if such investments mature more than twelve (12) months after the date of such valuation, at the price at which such investments are redeemable by the holder, at his option, if so redeemable, or if not so redeemable, at the then current market value of such investments, the amount of the deficiency shall be restored in two (2) substantially equal installments by transferring from the Revenue Fund to the WIFIA Reserve Account each WIFIA Reserve Account Semi-Annual Replenishment Date an amount equal to such semi-annual installment, with the second transfer in an amount sufficient to cause the balance in the WIFIA Reserve Account to be equal to the WIFIA Reserve Requirement. Amounts on deposit in the WIFIA Reserve Account shall be applied solely to the payment of debt service due on the WIFIA Bond in accordance with the 2020 Indenture.

(iv) The City shall maintain the Rate Stabilization Fund in accordance with the terms of Section 7(m) (*Security and Priority; Flow of Funds — Establishment of Rate Stabilization Fund*) and the Financing Documents. The City may establish a fund denominated the Rate Stabilization Fund. From time to time the City may deposit into the Rate Stabilization Fund, from current System Revenues, such amounts as the City shall determine and the amount of available current System Revenues in the City Fiscal Year shall be reduced by the amount so transferred. Amounts may be transferred from the Rate Stabilization Fund and deposited in the Revenue Fund, and any amounts so transferred within 270 days after the end of a City Fiscal Year shall be deemed System Revenues for such City Fiscal Year when so transferred. The City may also apply moneys on deposit in the Rate Stabilization Fund for any lawful purpose of the City relating to the System. All interest or other earnings upon amounts in the Rate Stabilization Fund may be withdrawn therefrom and accounted for as System Revenues in accordance with the terms of this Section or used for any lawful purpose of the City relating to the System.

(v) Amounts on deposit in the 2020 Installment Payment Fund (including the WIFIA Reserve Account therein) and the WIFIA Payment Account shall be held uninvested or invested in Permitted Investments. Permitted Investments must mature or be redeemable at the election of the holder at such times as may be necessary to ensure that funds will be available within the applicable account to be applied towards the purpose for which the applicable account has been established. Amounts on deposit in the System Accounts (other than the 2020 Installment Payment Fund (including the WIFIA Reserve Account therein) and the WIFIA Payment Account) shall be held uninvested or invested in investments in which the City may invest its funds, as listed in Section 53601 of the California Government Code, in compliance with the City's investment policy then in effect.

(i) Compliance with Laws.

(i) The City 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 without limitation 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).

(ii) To ensure such compliance, the City shall include in all contracts with respect to the Project (A) the contract clauses relating to the Davis-Bacon Act requirements that are set forth in the Code of Federal Regulations, Title 29 Part 5.5 and (B) requirements that its contractor(s) (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) (including without limitation with respect to the Davis-Bacon Act requirements).

(j) Material Obligations. Each City Related Party shall pay its material obligations 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 Collateral or the System Revenues or other assets of the 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 such properties or any part thereof or on the System Revenues or the Collateral; 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 such City Related Party in good faith by appropriate proceedings and so long as such City Related Party 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) Variable Interest Rate Obligations.

(i) As a condition to the issuance of any Parity Obligation that is to bear interest at a Variable Interest Rate, to the extent that such issuance would cause the principal amount of all Outstanding Variable Interest Rate Obligations to exceed twenty-five percent (25%) of the principal amount of all Outstanding Parity Obligations, the City shall enter into a Qualified Hedge with respect to such Parity Obligations, with an aggregate stated notional amount of at least ninety-eight percent (98%) and not more than one hundred two percent (102%) of the aggregate principal amount of such Parity Obligations projected to be Outstanding, and shall maintain such Qualified Hedge in place until (and such Qualified Hedge shall not have a stated maturity or termination date earlier than) the earliest to occur of (i) the date on which such Parity Obligations no longer bear interest at a Variable Interest Rate, (ii) the date on which the aggregate principal amount of all Outstanding Variable Interest Rate Obligations no longer exceeds twenty-five percent (25%) of the aggregate principal amount of all Outstanding Parity Obligations, (iii) the date such Parity Obligations have been repaid in full and (iv) the Final Maturity Date. Each such Qualified Hedge shall have a payment profile that is reasonably consistent with the expected draw and repayment schedule of such Parity Obligations.

(ii) Each Qualified Hedge required under this Section 14(k) shall provide for a fixed interest rate resulting in fixed payment amounts payable by the City to the Qualified Hedge Provider. The City's obligations to pay Hedging Obligations and Hedging Termination Obligations shall be from the sources and in the priority specified in the Financing Documents. The City shall ensure that, as of the date following the

termination date of any Qualified Hedge required under this Section 14(k) that for any reason terminates before the earliest to occur of (i) the maturity date of the Variable Interest Rate Obligations subject to such Qualified Hedge, (ii) the date on which the aggregate principal amount of all Outstanding Variable Interest Rate Obligations no longer exceeds twenty-five percent (25%) of the aggregate principal amount of all Outstanding Parity Obligations and (iii) the Final Maturity Date, then (A) a new Qualified Hedge is in full force and effect commencing no later than the termination date of the Qualified Hedge that is terminating or (B) the Variable Interest Rate Obligations have been converted to a fixed rate, in each case in accordance with this Agreement and the Financing Documents.

(iii) The City shall neither terminate (other than Permitted Hedging Terminations), transfer, nor consent to any transfer (other than to a Qualified Hedge Provider) of any existing Qualified Hedge without the WIFIA Lender's prior written consent as long as the City is required to maintain a Qualified Hedge pursuant to this Agreement.

(iv) With respect to any Qualified Hedge required under this Section 14(k), if at any time a Hedging Bank no longer satisfies the requirements for a Qualified Hedge Provider, the City shall, within ten (10) days (or such lesser number of days required by the applicable Hedging Agreement, including any credit support annex thereto) of the date on which such Hedging Bank failed to qualify as a Qualified Hedge Provider, either (A) cash collateralize the mark-to-market value of the Hedging Termination Obligations (in accordance with the credit support annex or similar requirements of the applicable Hedging Agreement) or provide a guarantee for such amount from an entity with an Acceptable Credit Rating, or (B) cause such disqualified Hedging Bank to be replaced by a Qualified Hedge Provider, whether by means of a transfer of the disqualified Hedging Bank's Hedging Agreement to a Qualified Hedge Provider or by means of a termination of such disqualified Hedging Bank's Hedging Agreement and replacement thereof by a Hedging Agreement with a Qualified Hedge Provider on terms and conditions that satisfy the requirements of this Section 14(k); provided, that if the disqualified Hedging Bank's highest credit rating from any Nationally Recognized Rating Agency is less than 'A-', 'A3' or the equivalent, clause (A) shall not apply and the City shall be required to cause such disqualified Hedging Bank to be replaced by a Qualified Hedge Provider pursuant to clause (B).

(l) SAM Registration. The City shall (i) obtain and maintain through the Final Disbursement Date an active registration status with the federal System for Award Management (www.SAM.gov) (or any successor system or registry) prior to the Effective Date and provide such registration information to the WIFIA Lender and (ii) within sixty (60) days prior to each anniversary of the Effective Date until the Final Disbursement Date, provide to the WIFIA Lender evidence of such active registration status with no active exclusions reflected in such registration.

(m) DUNS Number. The City shall (i) obtain and maintain from Dun & Bradstreet (or a successor entity) a Data Universal Numbering System Number (a "**DUNS Number**") prior to the Effective Date and provide such number to the WIFIA Lender and (ii) within sixty (60) days prior to each anniversary of the Effective Date, provide to the WIFIA Lender evidence of the continuing effectiveness of such DUNS Number, in each case until the

Final Maturity Date or to such earlier date as all amounts due or to become due to the WIFIA Lender under this Agreement have been irrevocably paid in full in immediately available funds.

(n) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to the System (including the Project) or any part thereof, the City shall (i) diligently pursue all of its rights to compensation against all relevant insurers, reinsurers and Governmental Authorities, as applicable, in respect of such Event of Loss and (ii) apply all Net Loss Proceeds in respect of such Event of Loss to repair, reconstruct, and/or replace the portion of the System in respect of which the applicable Loss Proceeds were received. The City shall begin such repair, reconstruction or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such repair, reconstruction or replacement as expeditiously as possible, and shall pay out of such Loss Proceeds all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the System shall be free and clear of all claims and Liens. If such Net Loss Proceeds exceed the costs of such repair, reconstruction or replacement, then the excess Net Loss Proceeds shall be deposited in the Revenue Fund and be available for other proper uses of funds deposited in the Revenue Fund. If such Net Loss Proceeds are insufficient to enable the City to restore or replace the damaged portions of the System, the City shall provide additional funds for that purpose.

(o) Immunity. To the fullest extent permitted by applicable law, the Authority 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 Authority under the WIFIA Bond, this Agreement or any other WIFIA Loan Document. To the fullest extent permitted by applicable law, the City 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 City under the 2020 Installment Purchase Contract, this Agreement or any other WIFIA Loan Document.

(p) Accounting and Audit Procedures.

(i) The City shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all (i) System Revenues, operating expenses, capital expenses, depreciation, reserves, debt issued and outstanding and debt payments and (ii) Project-related costs, WIFIA Loan requisitions submitted, WIFIA Loan proceeds received, payments made by the City with regard to the Project, 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 City 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 and with respect to the 2020 Installment Payments, accounting of the Principal Components and Interest Components, prepayments and calculation of the accrued Interest Components and the unpaid Principal Components of the 2020 Installment Payments Outstanding.

(ii) The City 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 for 2020 and annually thereafter, except to the extent biennial audits are permitted for the City pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the City 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.

(q) 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 and inspect any portion of the Project, to examine books of account and records of the City relating to the Project, to make copies and extracts therefrom at the City's expense, and to discuss the City'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 City irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the City, whether or not any representative of the City is present, it being understood that nothing contained in this Section 14(q) 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 City agrees to pay, as 2020 Additional Payments under the 2020 Installment Purchase Contract, 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(q) at any time when an Event of Default shall have occurred and be continuing.

(ii) The City shall maintain and retain all files relating to the Project and the WIFIA Loan until five (5) years after the later of the date on which (i) 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 (ii) 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 City. The City 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.

(r) Covenants Regarding Other System Obligations.

(i) Proceeds. The City shall establish and maintain Project Accounts within the Revenue Fund into which all proceeds of Parity Obligations (other than the WIFIA Bond) or Subordinate Obligations except for capitalized interest and required reserves, shall be deposited and held until expended to pay costs, or to reimburse the City for costs paid by the City, of the acquisition, construction and installation of capital improvements to the System for which such Parity Obligation or Subordinate Obligation

was incurred or issued. The City shall maintain accurate records showing all disbursements from such Project Accounts.

(ii) Issuing Documents. Each Issuing Document entered into by the City Related Parties with respect to Parity Obligations or Subordinate Obligations shall contain a flow of funds substantively the same as the flow of funds set forth in Section 7(d) (*Security and Priority; Flow of Funds — Flow of Funds*) and a trustee which is the same bank or trust company serving as trustee for all of the Parity Obligations.

(iii) Acceleration. The City shall not provide in any Issuing Document with respect to any Parity Obligations or Subordinate Obligations that the Holders of such Parity Obligations or Subordinate Obligations may accelerate such Parity Obligations or Subordinate Obligations, or require the mandatory prepayment in full thereof, in the case of any breach or event of default thereunder, unless the WIFIA Lender is concurrently provided, pursuant to an amendment to the 2020 Installment Purchase Contract, the WIFIA Bond, the 2020 Indenture and this Agreement, with such acceleration or mandatory prepayment right with respect to the WIFIA Loan (and the WIFIA Bond). Notwithstanding the foregoing, if the City provides in any Issuing Document with respect to any Parity Obligations or Subordinate Obligations that the Holders of such Parity Obligations or Subordinate Obligations may accelerate such Parity Obligations or Subordinate Obligations, or require the mandatory prepayment in full thereof, in the case of any breach or event of default thereunder, the City shall provide the WIFIA Lender with a copy of each such Issuing Document and such acceleration right shall automatically be deemed to be incorporated into this Agreement, the 2020 Installment Purchase Contract, the WIFIA Bond and the 2020 Indenture, and the WIFIA Loan (and the WIFIA Bond) shall have the benefits of such acceleration right as if specifically set forth herein and in the 2020 Installment Purchase Contract, the WIFIA Bond and the 2020 Indenture and the City shall promptly enter into an amendment to this Agreement, the 2020 Installment Purchase Contract, the WIFIA Bond and the 2020 Indenture to include a right to accelerate the WIFIA Loan (and the WIFIA Bond); provided that the WIFIA Loan (and the WIFIA Bond) shall have and maintain the benefit of such acceleration right even if the City fails to provide such amendment.

(iv) Issuing Documents for Subordinate Obligations. No Issuing Document for any Subordinate Obligation may provide for payment of interest on (or interest component of an installment payment of capital lease payment comprising) and principal of (or principal component of an installment payment or capital lease payment comprising) the Subordinate Obligation more often than monthly nor provide for transfer out of the Revenue Fund more than five (5) days prior to the date any such payment is due.

(v) Defeasance of Other System Obligations. If Parity Obligations (other than the WIFIA Bond) or Subordinate Obligations are deemed discharged by either: (i) depositing with an escrow agent or other fiduciary, in trust, at or before the final stated maturity date, money which is fully sufficient to pay and discharge the applicable principal amount due, including all principal and interest and prepayment premium, (if any) at or before their respective due dates; (ii) depositing with an escrow agent or other fiduciary, in trust, noncallable Federal Securities in such amount as an independent certified public

accountant shall determine in writing will, together with the interest to accrue thereon and without reinvestment, be fully sufficient to pay and discharge the applicable principal amount due, including all principal and interest and prepayment premium, (if any), at or before their respective due dates, and under the applicable Issuing Documents all obligations of the City with respect to the Parity Obligations or Subordinate Obligations referred to above are released and discharged, such discharged Parity Obligations or Subordinate Obligations shall be deemed no longer Outstanding for all purposes of this Agreement. Any defeasance of Parity Obligations (other than the WIFIA Bond) or Subordinate Obligations not satisfying the requirements of clause (i) or (ii) of the preceding sentence shall be deemed to remain Outstanding for all purposes of this Agreement.

(vi) Voting Rights. The Issuing Documents for Parity Obligations shall provide that (i) no amendments to any Issuing Document that requires Bondholder consent from all or a specified percentage of the owners of a particular Parity Obligation instrument shall be adopted, and (ii) no action or inaction may be directed to be taken by the applicable trustee except upon the direction of all or a specified percentage of the owners of a particular Parity Obligation instrument, shall be adopted, taken or not taken without the consent or direction, as applicable, by less than the percentage set forth in the 2020 Indenture of Holders of all Parity Obligations in the aggregate. For purposes of this paragraph, 2014 Bonds shall be disregarded, unless and until the 2014 Installment Purchase Contract is amended to reflect and conform to the terms of this paragraph and 2019 Bond Anticipation Notes shall be disregarded, unless and until the 2019 Installment Purchase Contract is amended to reflect and conform to the terms of this paragraph.

(vii) Replacement 2020 Trustee. If notwithstanding the foregoing paragraph, if the Holders of the 2014 Bonds or the 2019 Bond Anticipation Notes consent to an amendment of the applicable Issuing Documents, or direct the applicable trustee to take or refrain from taking action, in a manner that conflicts with the consents (or lack thereof) or directions of the Holders of Parity Obligations other than the 2014 Bonds or 2019 Bond Anticipation Notes, as applicable, the City shall appoint a replacement trustee with respect to either such 2014 Bonds or 2019 Bond Anticipation Notes, as applicable, or the other Parity Obligations, so that each trustee can independently represent its respective Holders of Parity Obligations.

(s) Compliance with National Historic Preservation Act. The City shall ensure compliance with the National Historic Preservation Act by implementing the following:

(i) Inadvertent Discovery Plan. The City shall cause its contractors and subcontractors for the Project to comply with the Inadvertent Discovery Plan in the construction of the Project.

(ii) Environmental Awareness Training. The City shall have a more robust cultural component to the environmental awareness training provided to all construction personnel for the Project, including distribution of a tri-fold pamphlet prepared by the Cultural Resources Consultant with respect to identification of cultural resources.

(iii) Monitoring of Trickling Filter Cobble Stockpile. The City shall allow the Northern Valley Yokut Tribe to monitor the stockpile of trickling filter cobble to be crushed and used on site as part of the Project by causing its contractors or subcontractors to set aside one backhoe or loader bucket per week for representatives of the Northern Valley Yokut Tribe to sort and review for cultural resources on such day or at a specified time during such week. The City shall coordinate in good faith with the Northern Valley Yokut Tribe to facilitate such monitoring during the construction of the Project.

(t) Rating Downgrade. If any public rating assigned to the Parity Obligations or the WIFIA Loan by any Nationally Recognized Rating Agency is downgraded to ‘BBB-’, ‘Baa3’, ‘bbb-’, ‘BBB (low)’ or below, the City shall (A) within sixty (60) days after any such downgrade, engage the Technical and Rate Consultant to review and analyze the operations of the System and recommend actions regarding revising the rates or changing the methods of operations, or any other actions to increase the Net System Revenues so as to cause all of the public ratings assigned to the Parity Obligations or the WIFIA Loan by any Nationally Recognized Rating Agency to be above ‘BBB-’, ‘Baa3’, ‘bbb-’ and ‘BBB (low),’ (B) cause the Technical and Rate Consultant to issue its report, including any such recommended actions and the schedule for accomplishing such recommended actions, no later than ninety (90) days following such engagement, and (C) within thirty (30) days, commence the implementation of the Technical and Rate Consultant’s recommendations on the schedule recommended by the Technical and Rate Consultant. So long as the City has engaged the Technical and Rate Consultant in a timely manner and is diligently implementing the actions recommended by the Technical and Rate Consultant on the schedule recommended by the Technical and Rate Consultant or otherwise to the satisfaction of the WIFIA Lender, if any public rating assigned to the Parity Obligations or the WIFIA Loan by any Nationally Recognized Rating Agency is thereafter downgraded below ‘BBB-’, ‘Baa3’, ‘bbb-’ or ‘BBB (low),’ such further downgrade shall not in and of itself cause an Event of Default under this Section 14(t) (*Rating Downgrade*) so long as the City has engaged the Technical and Rate Consultant in a timely manner and is diligently and continuously thereafter implementing such recommended actions on the recommended schedule or otherwise to the satisfaction of the WIFIA Lender until such time as all of the public ratings assigned to the Parity Obligations and the WIFIA Loan by any Nationally Recognized Rating Agency are above ‘BBB-’, ‘Baa3’, ‘bbb-’ and ‘BBB (low).’

Section 15. Negative Covenants. Each City Related Party covenants and agrees as follows until the date the WIFIA Bond and the obligations of the Authority under the WIFIA Bond and this Agreement and the 2020 Installment Payments and 2020 Additional Payments and the obligations of the City under the 2020 Installment Purchase Contract and this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds, unless the WIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) Except for Permitted System Obligations, the City shall not without the prior written consent of the WIFIA Lender issue or incur obligations (including but not limited to, any installment payment obligations) of any kind; provided, that the City shall not incur any obligations (including but not limited to, any installment payment

obligations) of any kind payable from, secured or supported by the Pledged Collateral, including Permitted System Obligations, without the prior written consent of the WIFIA Lender, while an Event of Default has occurred and is continuing.

(ii) The City may not create, incur or suffer to exist (A) any System Obligations the payments of which are senior or prior in right to the payment by the City of the Parity Obligations or (B) any System Obligations of the Project that are secured by a Lien on any assets or property of the City other than the Pledged Collateral.

(iii) Without regard to clause (iv) or clause (v) below, the City may at any time enter into or create an obligation or commitment which is a Credit Provider Reimbursement Obligation or a Payment Agreement. Credit Provider Reimbursement Obligations or the regularly scheduled payments under any Payment Agreement relating to Parity Obligations or obligations secured by Parity Obligations permitted under clause (iv) below may be created by the City as a Parity Obligation. Credit Provider Reimbursement Obligations or the regularly scheduled payments under any Payment Agreement relating to Subordinate Obligations or obligations secured by Subordinate Obligations permitted under clause (v) below may be created by the City as a Subordinate Obligation.

(iv) The City may at any time and from time to time issue or incur any other Parity Obligations, provided:

(A) There shall not have occurred and be continuing (i) an Event of Default under the terms of this Agreement, the 2020 Installment Purchase Contract or any Issuing Document or (ii) an Event of Default or Termination Event (as defined in any Payment Agreement) under any Payment Agreement; and

(B) The City obtains or provides a certificate or certificates, prepared by the City or at the City's option by a Consultant, showing that either:

(I) the Adjusted Net System Revenues for either the most recent City Fiscal Year for which audited financial statements are available or any 12 consecutive calendar month period during the 18 consecutive calendar month period ending immediately prior to the incurring of such additional Parity Obligations were at least sufficient to satisfy the Coverage Requirement for each of the next five full City Fiscal Years following the incurring of such additional Parity Obligations or each of the next three full City Fiscal Years following the incurring of such additional Parity Obligations during which no interest is capitalized, whichever is later, including the Parity Debt Service during such City Fiscal Years taking into account such additional Parity Obligations; and for the purpose of providing such certificate or certificates, the City or the City's Consultant, as applicable, may adjust the Adjusted Net System Revenues for such City Fiscal Year or 12 calendar month period, as the case may be, to reflect: (x) an allowance for Net System Revenues that would have been derived from each new connection to the System that was made prior to the incurrence of such additional Parity Obligations but which was not in existence, during all or any part of such City Fiscal Year or 12 calendar month period under consideration, in an amount equal to the estimated additional Net System

Revenues that would have been derived from each such connection if it had been made prior to the beginning of such City Fiscal Year or 12 calendar month period, and (y) an allowance for Net System Revenues that would have been derived from any increase in the rates, fees and charges fixed and prescribed for Wastewater Service which became effective prior to the incurrence of such additional Parity Obligations but which was not in effect, during all or any part of such City Fiscal Year or 12 calendar month period, in an amount equal to the estimated additional Net System Revenues that would have been derived from such increase in rates, fees and charges if it had been in effect prior to the beginning of such City Fiscal Year or 12 calendar month period; or

(II) the estimated Adjusted Net System Revenues for each of the five full City Fiscal Years next following the earlier of (x) the end of the period during which interest on such additional Parity Obligations is to be capitalized or, if no interest is capitalized, the City Fiscal Year in which such additional Parity Obligations are incurred, or (y) the date on which substantially all Wastewater Projects financed with such additional Parity Obligations plus all Wastewater Projects financed with all existing Parity Obligations are expected to commence operations, will be at least sufficient to satisfy the Coverage Requirement for such period; and for the purpose of providing such certificate or certificates, the City or the City's Consultant, as applicable, may adjust the foregoing estimated Adjusted Net System Revenues to reflect: (i) an allowance for Net System Revenues that are estimated to be derived from any increase in the rates, fees and charges for Wastewater Service which have been adopted by the City and which will be in effect during all or any portion of the period for which such estimates are provided; and (ii) an allowance for Net System Revenues that are estimated to be derived from new customers of the System anticipated to be served by any additions or improvements to or extensions of the System reasonably expected to become available during such five year period in an amount equal to the additional Net System Revenues that are estimated to be derived from such customers.

For purposes of clause (II) above, with respect to Operation and Maintenance Costs, the City or the City's Consultant, as applicable, shall use such assumptions (which shall be set forth in such certificate or certificates) as such believes to be reasonable, taking into account: (i) historical Operation and Maintenance Costs, (ii) Operation and Maintenance Costs associated with the additions or improvements to or extensions of the System to be financed with the proceeds of such additional Parity Obligations and any other new additions or improvements to or extensions of the System during such five year period and (iii) such other factors, including inflation and changing operations or policies of the City, as the City or the City's Consultant, as applicable, believes to be appropriate.

The certificate or certificates described above in subsection (iv)(B) shall not be required if the Parity Obligations being issued are for the purpose of refunding (x) then outstanding Parity Obligations, if at the time of the issuance of such refunding Parity Obligations a certificate of the City shall be delivered showing that Parity Debt Service in each City Fiscal Year on all Parity Obligations outstanding after the issuance of the refunding Parity Obligations will not exceed 110% of Parity Debt Service in each corresponding City Fiscal Year taking into account all Parity Obligations outstanding prior

to the issuance of such refunding Parity Obligations; or (y) then outstanding Balloon Obligations or Variable Interest Rate Obligations, but only to the extent that the principal amount of such Balloon Obligations or Variable Interest Rate Obligations has been put, tendered to or otherwise purchased by a standby purchase or other liquidity facility relating to such Balloon Obligations or Variable Interest Rate Obligations.

(v) The City may at any time and from time to time issue or incur any Subordinate Obligations and such Subordinate Obligations may be paid only in accordance with the provisions of Section 7(d) (*Security and Priority; Flow of Funds — Flow of Funds*), provided:

(A) There shall not have occurred and be continuing (i) an Event of Default under the terms of this Agreement, the 2020 Installment Purchase Contract or any Issuing Document or (ii) an Event of Default or Termination Event (as defined in any Payment Agreement) under any Payment Agreement; and

(B) The City obtains or provides a certificate or certificates, prepared by the City or at the City's option by a Consultant, showing that either:

(I) the Adjusted Net System Revenues for either the most recent City Fiscal Year for which audited financial statements are available or any 12 consecutive calendar month period during the 18 consecutive calendar month period ending immediately prior to the incurring of such additional Subordinate Obligations were at least sufficient to satisfy the Total Debt Coverage Requirement for each of the next five full City Fiscal Years following the incurring of such additional Subordinate Obligations or each of the next three full City Fiscal Years following the incurring of such additional Subordinate Obligations during which no interest is capitalized, whichever is later, including the Total Debt Service during such City Fiscal Years taking into account such additional Subordinate Obligations; and for the purpose of providing such certificate or certificates, the City or the City's Consultant, as applicable, may adjust the Adjusted Net System Revenues for such City Fiscal Year or 12 calendar month period, as the case may be, to reflect: (x) an allowance for Net System Revenues that would have been derived from each new connection to the System that was made prior to the incurrence of such additional Subordinate Obligations but which was not in existence, during all or any part of such City Fiscal Year or 12 calendar month period under consideration, in an amount equal to the estimated additional Net System Revenues that would have been derived from each such connection if it had been made prior to the beginning of such City Fiscal Year or 12 calendar month period, and (y) an allowance for Net System Revenues that would have been derived from any increase in the rates, fees and charges fixed and prescribed for Wastewater Service which became effective prior to the incurrence of such additional Subordinate Obligations but which was not in effect, during all or any part of such City Fiscal Year or 12 calendar month period, in an amount equal to the estimated additional Net System Revenues that would have been derived from such increase in rates, fees and charges if it had been in effect prior to the beginning of such City Fiscal Year or 12 calendar month period; or

(II) the estimated Adjusted Net System Revenues for each of the five full City Fiscal Years next following the earlier of (x) the end of the period during which interest on such additional Subordinate Obligations is to be capitalized or, if no

interest is capitalized, the City Fiscal Year in which such additional Subordinate Obligations are incurred, or (y) the date on which substantially all Wastewater Projects financed with such additional Subordinate Obligations plus all Wastewater Projects financed with all existing System Obligations are expected to commence operations, will be at least sufficient to satisfy the Total Debt Coverage Requirement for such period; and for the purpose of providing such certificate or certificates, the City or the City's Consultant, as applicable, may adjust the foregoing estimated Adjusted Net System Revenues to reflect: (i) an allowance for Net System Revenues that are estimated to be derived from any increase in the rates, fees and charges for Wastewater Service which have been adopted by the City and which will be in effect during all or any portion of the period for which such estimates are provided; and (ii) an allowance for Net System Revenues that are estimated to be derived from new customers of the System anticipated to be served by any additions or improvements to or extensions of the System reasonably expected to become available during such five year period in an amount equal to the additional Net System Revenues that are estimated to be derived from such customers.

For purposes of clause (II) above, with respect to Operation and Maintenance Costs, the City or the City's Consultant, as applicable, shall use such assumptions (which shall be set forth in such certificate or certificates) as such believes to be reasonable, taking into account: (i) historical Operation and Maintenance Costs, (ii) Operation and Maintenance Costs associated with the additions or improvements to or extensions of the System to be financed with the proceeds of such additional Subordinate Obligations and any other new additions or improvements to or extensions of the System during such five year period and (iii) such other factors, including inflation and changing operations or policies of the City, as the City or the City's Consultant, as applicable, believes to be appropriate.

The certificate or certificates described above in subsection (v)(B) shall not be required if the Subordinate Obligations being issued are for the purpose of refunding (x) then outstanding Subordinate Obligations, if at the time of the issuance of such refunding Subordinate Obligations a certificate of the City shall be delivered showing that Total Debt Service in each City Fiscal Year on all System Obligations outstanding after the issuance of the refunding Subordinate Obligations will not exceed 110% of Total Debt Service in each corresponding City Fiscal Year taking into account all System Obligations outstanding prior to the issuance of such refunding Subordinate Obligations; or (y) then outstanding Balloon Obligations or Variable Interest Rate Obligations, but only to the extent that the principal amount of such Balloon Obligations or Variable Interest Rate Obligations has been put, tendered to or otherwise purchased by a standby purchase or other liquidity facility relating to such Balloon Obligations or Variable Interest Rate Obligations.

(vi) Upon the incurrence of Permitted System Obligations described in clauses (c), (d) and (e) of the definition thereof, the City shall provide to the WIFIA Lender a certificate signed by the City's Authorized Representative, (A) specifying the closing date with respect to such proposed obligations (including but not limited to, any installment payment obligations), (B) confirming that such proposed obligations (including but not limited to, any installment payment obligations) are authorized pursuant to this

Section 15(a) and satisfy the applicable requirements under the definitions of “Permitted System Obligations” and “Additional Parity Obligations” or “Additional Subordinate Obligations,” as applicable, and (C) including calculations (with supporting information) showing that the Adjusted Net System Revenues are sufficient to satisfy the required Coverage Requirement or Total Debt Coverage Requirement, as applicable.

(vii) To the extent any Permitted System Obligation consists of Tender Option Obligations, the City must maintain a Credit Facility that will pay any amounts payable by the City in respect of such Tender Option Obligations.

(viii) The Authority shall not without the prior written consent of the WIFIA Lender issue or incur obligations of any kind payable from, secured or supported by the Trust Collateral. The Authority shall not without the prior written consent of the WIFIA Lender issue or incur any other obligations (including but not limited to, any installment payment obligations) of any kind, except for any obligations (including but not limited to, any installment payment obligations) of any kind payable from, secured or supported by, and issued or incurred in connection with, Permitted System Obligations.

(b) No Lien Extinguishment or Adverse Amendments. No City Related Party shall, nor permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish the Rate Covenant; (ii) extinguish or impair the Liens on the Collateral or any dedicated source of repayment of the WIFIA Loan or any other System Obligations (the proceeds of which are applied to fund Total Project Costs), in each case granted pursuant to the Financing Documents, (iii) amend, modify, replace or supplement any Related Document or permit a waiver of any provision thereof in a manner that could reasonably be expected to result in a Material Adverse Effect, or (iv) terminate, assign or replace any Related Document (other than the replacement of any Principal Project Contract permitted under Section 17(a)(xi) (*Events of Default and Remedies – Default Under Principal Project Contracts*)) in a manner that could reasonably be expected to have a Material Adverse Effect.

(c) No Prohibited Liens. Except for Permitted Liens, the City shall not create, incur, assume or permit to exist any Lien on the Project, the Pledged Collateral, the System Revenues, or the City’s respective rights therein. Except for Permitted Liens, the Authority shall not create, incur, assume or permit to exist any Lien on the Trust Collateral or the Authority’s respective rights therein.

(d) Restricted Payments and Transfers. The City shall not permit System Revenues or other assets of the System, or any funds in any accounts held under the 2020 Indenture or in any other fund or account held by or on behalf of the City, to be paid or transferred or otherwise applied for purposes other than ownership, operation, maintenance or financing of the System.

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

(f) City Fiscal Year. The City shall not at any time adopt any fiscal year other than the City Fiscal Year, except with thirty (30) days' prior written notice to the WIFIA Lender.

(g) Mergers and Acquisitions. The City 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 mandated by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the System Revenues or other elements of the Collateral or (B) the availability of the System Revenues for the payment and security of the obligations of the City under the 2020 Installment Purchase Contract or this Agreement; and (ii) the City provides to the WIFIA Lender, no later than sixty (60) days prior to the date of reorganization, consolidation or merger, prior written notice of such reorganization, consolidation or merger and the agreements and documents authorizing the reorganization, consolidation or merger, satisfactory in form and substance to the WIFIA Lender. In addition, the City shall provide all information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender. The Authority shall not, and shall not agree to, reorganize, consolidate with or merge into another Person.

(h) No Defeasance. Notwithstanding anything to the contrary in any Financing Document or document related thereto, the WIFIA Loan and the WIFIA Bond (and the corresponding unpaid Principal Components of the 2020 Installment Payments) shall not be subject to defeasance and no amounts in respect of the WIFIA Loan and the WIFIA Bond (and the corresponding unpaid Principal Components of the 2020 Installment Payments) shall be considered or deemed to have been paid until the WIFIA Lender shall have received irrevocable payment in immediately available funds in accordance with the requirements for payment set forth in the WIFIA Bond, the 2020 Indenture, this Agreement and the 2020 Installment Purchase Contract.

(i) Hedging. Other than interest rate hedging transactions expressly permitted hereunder, the City shall not enter into any swap or hedging transaction, including inflation indexed swap transactions, "cap" or "collar" transactions, futures, or any other hedging transaction with respect to or payable from, System Revenues.

Section 16. Reporting Requirements.

(a) Updated Financial Model.

(i) The City shall provide to the WIFIA Lender not later than one hundred eighty (180) days after the beginning of each City Fiscal Year, an updated Base Case Financial Model reflecting the then-current and projected conditions.

(ii) The Updated Financial Model shall demonstrate to the satisfaction of the WIFIA Lender that the City has developed and identified adequate revenues to implement a plan for operating, maintaining and repairing the Project over its useful life, and shall include: (A) the City's capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected operation and maintenance costs of the System; (B) evidence of compliance with the Rate

Covenant for the most recent City Fiscal Year and the projected Rate Covenant coverages through the Final Maturity Date; (C) calculation of the Coverage Requirement and the Total Debt Coverage Requirement for the most recent City Fiscal Year; (D) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model and (E) a certificate signed by the City's Authorized Representative, certifying that (1) the Updated Financial Model, including the assumptions and supporting documentation, as of its date, is accurate and reasonable to the best of the City's knowledge and belief, (2) the annual projected Net System Revenues will be sufficient to meet the Principal Amortization Schedule and to satisfy the Rate Covenant through the Final Maturity Date, and (3) the City is in compliance with its obligations in respect of the Rate Covenant pursuant to Section 14(a) (*Affirmative Covenants – Rate Covenant*).

(iii) The City represents and warrants that the Updated Financial Model reflects the City's reasonable expectations, using assumptions that the City believes to be reasonable, of the System's expected operations, including capital costs, capital spending schedule, rates and revenues or charges (if applicable), System Revenues, operating and maintenance expenses, major maintenance costs, financing structure and other scheduling, cost and financing elements required to be included in the Base Case Financial Model. The Updated Financial Model shall independently model the Project (as well as the System) addressing each of the foregoing as it may apply to the Project.

(b) Annual Financial Statements. The City shall deliver to the WIFIA Lender, as soon as available, but no later than one hundred eighty (180) days after the end of each City Fiscal Year:

(i) a copy of the audited income statement and balance sheet of the City as of the end of such City Fiscal Year and the related audited statements of operations and of cash flow of the City for such City Fiscal Year, (A) setting forth in each case in comparative form the figures for the previous City 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 City 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); and

(ii) together with each delivery of such annual audited financial statements, a certificate signed by the chief executive officer or chief financial officer of the City or the City's Authorized Representative, stating whether or not, to the City's knowledge, during the annual period covered by such financial statements, there occurred any Default or Event of Default and, if any such Default or Event of Default shall have occurred during such period, the nature of such Default or Event of Default and the actions that the City has taken or intends to take in respect thereof.

(c) [Reserved]

(d) Construction Reporting. 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 City shall be responsible for administering construction oversight of the Project in accordance with applicable federal, state and local governmental requirements. The City 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. During the period through Substantial Completion of the Project, the City shall furnish to the WIFIA Lender, on a quarterly basis, a report on the status of the Project, substantially in the form of **Exhibit K** (*Form of Quarterly Report*). The report shall be executed by the City's Authorized Representative and, for any quarter, shall be delivered to the WIFIA Lender within thirty (30) days following 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 later than the Projected Substantial Completion Date, the City shall provide in such report a description in reasonable detail to the reasonable satisfaction of the WIFIA Lender of the reasons for such projected delay, an estimate of the impact of such delay on the capital and operating costs of the System (if any), and that the new date could not reasonably be expected to result in a Material Adverse Effect.

(e) Public Benefits Report. The City shall deliver to the WIFIA Lender a report, in the form of **Exhibit L** (*Form of Public Benefits Report*) (the "**Public Benefits Report**"), (i) no later than thirty (30) days prior to the Effective Date, (ii) within ninety (90) days following the Substantial Completion Date and (iii) within ninety (90) days following the fifth (5th) anniversary of the Substantial Completion Date. The City agrees that information described under this Section 16(e) may be made publicly available by the WIFIA Lender at its discretion.

(f) Modifications to Total Project Costs. For the period through the Substantial Completion Date, the City shall provide the WIFIA Lender with written notification at least thirty (30) days prior to instituting any increase or decrease to the aggregate Total Project Costs in an amount equal to or greater than five percent (5%), which notification shall set forth the nature of the proposed increase or decrease and an estimate of the impact of such increase or decrease on the capital costs and operating costs of the System. The City's notice shall demonstrate that the proposed increase or decrease is consistent with the provisions of this Agreement, is necessary or beneficial to the Project, does not materially impair the WIFIA Lender's security or the City's ability to comply with its obligations under the Related Documents (including any financial ratios or covenants included therein), and could not reasonably be expected to result in a Material Adverse Effect.

(g) Operations and Maintenance. The WIFIA Lender shall have the right, in its sole discretion, to monitor (or direct its agents to monitor) the Project's operations and, as the WIFIA Lender may request from time to time, to receive reporting on the operation and management of the Project, and copies of any contracts relating to the operation and maintenance of the Project. The City 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 requested by the WIFIA Lender. The WIFIA Lender has the right, in its sole discretion, to retain such consultants or advisors, to carry out the provisions of this Section 16(g). On or prior to the Substantial Completion Date, the City shall deliver to the WIFIA Lender an

operations and maintenance manual with respect to the Project, in form and substance reasonably acceptable to the WIFIA Lender.

(h) Notices.

(i) The City shall, within fifteen (15) days after the City learns of the occurrence, 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:

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

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

(C) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against a City Related Party before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, or the receipt by a City Related Party in writing of any threat of litigation, suit, action, or proceeding, or of any written claim against such City Related Party that, in each case, could reasonably be expected to have a Material Adverse Effect, and any material changes in the status of such litigation, suit, action or claim, and (2) any judgments against a City Related Party with award amounts in excess of \$1,000,000, either individually or in the aggregate, payable (in whole or in part) from System Revenues;

(D) 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 City's plans to remedy or mitigate the effects of such failure or delay;

(E) Environmental Notices: any material notice of violation or material change in finding under any Environmental Law related to the Project or any material changes to the NEPA Determination;

(F) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of (1) any proposed amendments to the 2020 Installment Purchase Contract or the 2020 Indenture and any proposed material amendments to any other Financing Documents, in each case, at least thirty (30) days prior to the effective date thereof and (2) fully executed amendments of any Related Document within ten (10) days following execution thereof; provided, that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(G) Related Document Defaults: any material breach or default or event of default on the part of a City Related Party or any other party under any Related Document; provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

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

(I) Ratings Changes: any change in the rating assigned to the Parity Obligations, the WIFIA Loan or any Subordinate Obligations, in each case by any Nationally Recognized Rating Agency that has provided a public rating on such obligations (including but not limited to, any installment payment obligations), and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies; provided, that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(J) 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 City to disclose information previously required to have been disclosed or due to the City or any of its principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(K) Additional Principal Project Contracts: copies of any executed Additional Principal Project Contracts (together with any related contracts, side letters or other understandings);

(L) Issuance of System 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 System Obligation (including any Additional System Obligations); provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant documents on EMMA;

(M) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement with respect to any Outstanding System Obligations relating to annual financial information and operating data and the reporting of significant events; provided that such notice can be accomplished through an email to the WIFIA Lender that includes a link to the posting of the relevant document on EMMA;

(N) Other Adverse Events: the occurrence of any other event or condition, including without limitation any notice of breach from a contract counterparty or any Holder of any System Obligations, that could reasonably be

expected to result in a Material Adverse Effect or have a material and adverse effect on the Project; and

(O) Draws on WIFIA Reserve Account: the occurrence of any draws on the WIFIA Reserve Account to fund payments of interest on or principal of the WIFIA Bond when due.

(ii) Within thirty (30) calendar days after the City learns of the occurrence of an event specified in clause (i) above (other than sub-clauses (A) (*Substantial Completion*), (F) (*Amendments*) or (I) (*Ratings Changes*) (in the case of a ratings upgrade)), the City's Authorized Representative shall provide a statement to the WIFIA Lender setting forth the actions the City proposes to take with respect thereto. The City shall also provide the WIFIA Lender with any further information reasonably requested by the WIFIA Lender from time to time concerning the matters described in clause (i) above.

(i) Requested Information. The City 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 City or regarding the Project or the System Revenues as the WIFIA Lender may from time to time reasonably request.

ARTICLE VI EVENTS OF DEFAULT

Section 17. Events of Default and Remedies.

(a) An “**Event of Default**” shall exist under this Agreement if any of the following occurs:

(i) Payment Default. The Authority shall fail to (i) pay when due any part of the principal amount of or interest on the WIFIA Loan and the WIFIA Bond (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Payment of Principal and Interest*), and such failure continues for a period of five (5) days, or (ii) make any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*), in each case when and as the payment thereof shall be required under this Agreement or the WIFIA Bond or on the Final Maturity Date or the City shall fail to (i) pay when due any 2020 Installment Payment under the Installment Purchase Contract, and such failure continues for a period of five (5) days, or (ii) prepay the corresponding unpaid Principal Components of the 2020 Installment Payments in the amounts necessary to provide the Authority with sufficient funds to cause any mandatory prepayment required pursuant to the provisions of Section 9 (*Prepayment*), in each case when and as the payment thereof shall be required under the 2020 Installment Purchase Contract or on the Final Maturity Date (each such failure, a “**Payment Default**”).

(ii) Covenant Default. A City Related Party shall fail to observe or perform any covenant, agreement or obligation of such City Related Party under this Agreement, the WIFIA Bond or any other WIFIA Loan Document (other than in the case of any Payment Default, any Development Default or any failure to comply with the Rate

Covenant), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by such City Related Party from the WIFIA Lender of written notice thereof or (B) such City Related Party's knowledge of such failure; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then no Event of Default shall be deemed to have occurred or be continuing under this Section 17(a)(ii), and 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 such City Related Party 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.

(iii) Misrepresentation Default. Any of the representations, warranties or certifications of the City Related Parties made in or delivered pursuant to the WIFIA Loan Documents (or in any certificates delivered by the City Related Parties 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 and warranty 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)(iii) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(g) (*Representations and Warranties of City Related Parties – Security Interests*), Section 12(h) (*Representations and Warranties of City Related Parties – No Debarment*), Section 12(j) (*Representations and Warranties of City Related Parties – Compliance with Laws*), or Section 12(y) (*Representation and Warranties of City Related Parties – Patriot Act*), (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 applicable City Related Party within thirty (30) days from the date on which such City Related Party first became aware (or reasonably should have become aware) of such misrepresentation.

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

(v) Cross Default with Other Financing Documents. Any default shall occur in respect of the performance of any covenant, agreement or obligation of a City Related Party under the Related Documents (other than the Principal Project Contracts), and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in the Related Documents (other than the Principal Project Contracts) (as the case may be) with respect to such default, and such City Related Party shall have failed to cure such default or to obtain an effective written waiver thereof in accordance with the terms thereof.

(vi) Material Adverse Judgment. Any final, non-appealable judgment related to the Collateral, the System Revenues, the System or the Project shall be entered against a City Related Party which has a Material Adverse Effect.

(vii) Occurrence of a Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to a City Related Party.

(viii) 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 any City Related Party contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) any Financing 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 Collateral other than as a result of actions or a failure to act by, and within the control of, the 2020 Trustee or any Secured Party, and with the priority purported to be created thereby; or (C) any event occurs that results in the material impairment in the perfection or priority of the WIFIA Lender's security interest in the Collateral or in the value of such Collateral.

(ix) Failure to Satisfy Rate Covenant. The City fails to satisfy the Rate Covenant for two (2) consecutive City Fiscal Years.

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

(xi) Default Under Principal Project Contracts. The City shall default in the timely performance of any covenant, agreement or obligation under any Principal Project Contract or any Principal Project Contract shall be terminated prior to its scheduled expiration (unless in any case such default or termination could not reasonably be expected to have a Material Adverse Effect), and the City shall have failed to cure such default or to obtain an effective written waiver or revocation thereof prior to the expiration of the applicable grace period specified in any such Principal Project Contract, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no Event of Default shall be deemed to have occurred or be continuing under this Section 17(a)(xi) if, in the case of any termination of a Principal Project Contract, the City replaces such Principal Project Contract with a replacement agreement (1) entered into with another counterparty that (I) is of similar or greater creditworthiness (including credit support), technical capability and relevant experience as the counterparty being replaced was at the time the applicable Principal Project Contract was originally executed (or otherwise reasonably acceptable to the WIFIA Lender), (II) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency, and (III) is not, at the time of such replacement, in violation of any applicable laws; (2) on substantially the same terms and conditions as the Principal Project Contract being replaced (or otherwise reasonably acceptable to the WIFIA Lender) and (3) effective as of the date of termination of the Principal Project Contract being replaced.

(xii) Cessation of System Operations. Following the Substantial Completion Date, operation of the System shall cease for a continuous period of not less than one hundred eighty (180) days unless (A) such cessation of operations shall occur by reason of an Uncontrollable Force that is not due to the fault of the City (and which the City could not reasonably have avoided or mitigated) or (B) the City shall either be self-insured in an amount sufficient to cover, or shall have in force an insurance policy or policies under which the City is entitled to recover amounts sufficient to pay (and may use such amounts to pay), Parity Debt Service for all Parity Obligations (including WIFIA Debt Service and the corresponding 2020 Installment Payments) and costs and expenses of the City during such cessation of operations.

(xiii) Failure to Fund WIFIA Reserve Account. (1) The City fails to initially fully fund the WIFIA Reserve Account to its required balance as and to the extent required by Section 14(h)(iii) (*Affirmative Covenants — System Accounts; Permitted Investments*) or (2) after initial funding, the City fails to replenish amounts in the WIFIA Reserve Account to the WIFIA Reserve Requirement as and to the extent required by Section 14(h)(iii) (*Affirmative Covenants — System Accounts; Permitted Investments*).

(b) Upon the occurrence of any Bankruptcy Related Event of a City Related Party, the Event of Default in Section 17(a)(iv) (*Events of Default and Remedies - Acceleration of Parity Obligations*) or the Event of Default in Section 17(a)(viii) (*Events of Default and Remedies – Invalidity of WIFIA Loan Documents*), 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, and the WIFIA Loan (and the related WIFIA Bond) shall be subject to mandatory prepayment as set forth in Section 9 (*Prepayment – Mandatory Prepayment*) and the corresponding sections of the 2020 Indenture.

(c) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the City Related Parties, 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 apply the Default Rate provisions of Section 6 (*Interest Rate*);

(iii) the WIFIA Lender may suspend or debar the City from further participation in any Government program administered by the WIFIA Lender and to notify other departments and agencies of such default; and/or

(iv) 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 City Related Parties and collect in the manner provided by law out of the property of the City Related Parties the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and

remedies of a creditor, including all rights and remedies of a secured creditor under the Uniform Commercial Code, and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by City Related Parties under this Agreement, the WIFIA Bond, the 2020 Installment Purchase Contract, the 2020 Indenture 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 City Related Parties under this Agreement, the WIFIA Bond, the 2020 Installment Purchase Contract, the 2020 Indenture or the other WIFIA Loan Documents.

(d) No action taken pursuant to this Section 17 shall relieve City Related Parties from its obligations pursuant to this Agreement, the WIFIA Bond, the 2020 Installment Purchase Contract, the 2020 Indenture or the other WIFIA Loan Documents, all of which shall survive any such action.

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 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 any City Related Party or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable on 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 City, the Authority, the Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and the City agrees to indemnify and hold the WIFIA Lender, the Servicer (if any), the Administrator, and the Government harmless, to the extent permitted by law and in accordance with Section 32 (*Indemnification*), from any lawsuit or claim arising in law or equity solely by reason of the WIFIA Loan, and that no third party creditor of any City Related Party shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement, and any such amounts shall be payable as 2020 Additional Payments pursuant to the 2020 Installment Purchase Contract.

Section 21. Authorized Representatives. The City shall at all times have appointed a City's Authorized Representative by designating such Person or Persons from time to time to act on the City'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 City. The Authority shall at all times have appointed an Authority's Authorized Representative by designating such Person or Persons from time to time to act on the Authority'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 Authority.

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 City 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 City Related Parties 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 City Related Parties 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 and Waivers. No amendment, modification, termination, or waiver of any provision of this Agreement shall in any event be effective without the written consent of each of the parties hereto.

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 Authority's rights or obligations hereunder nor any interest therein may be assigned or delegated by the Authority without the prior written consent of the WIFIA Lender. Neither the City's rights or obligations hereunder nor any interest therein may be assigned or delegated by the City without the prior written consent of the WIFIA Lender.

Section 28. Remedies Not Exclusive. No remedy conferred herein 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 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 upon a default of a City Related Party (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 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 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. Notices hereunder shall be (a) in writing, (b) effective as provided below and (c) given by (i) nationally recognized courier service, (ii) hand delivery, or (iii) email, in each case to:

If to the WIFIA Lender: Environmental Protection Agency
WJC-W 6201A
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

If to the City: City of Stockton
425 N. El Dorado Street
Stockton, California 95202
Attention: Chief Financial Officer
Email: [____]

If to the Authority: Stockton Public Financing Authority
425 N. El Dorado Street
Stockton, California 95202
Attention: Treasurer
Email: [____]

If to the 2020 Trustee: Wells Fargo Bank, National Association
 MAC #A0119-181
 333 Market Street, 18th Floor
 San Francisco, California 94105
 Attention: Corporate Trust Services

Unless otherwise instructed by the WIFIA Lender's Authorized Representative, all notices to the WIFIA Lender should be made by email to the email address noted above for the WIFIA Lender. Notices required to be provided herein shall be provided to such different addresses or to such further parties as may be designated from time to time by an Authority's Authorized Representative, with respect to notices to the Authority, by a City's Authorized Representative, with respect to notices to the City, or by the WIFIA Lender's Authorized Representative, with respect to notices to the WIFIA Lender or the Servicer. 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, when such email is delivered to the address specified in this Section 31 (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 City shall, to the extent permitted by law, indemnify the WIFIA Lender and any official, employee, agent 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 the WIFIA Bond, this Agreement, the 2020 Installment Purchase Contract or any of the other Related Documents, (b) the WIFIA Loan and the WIFIA Bond 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 nonappealable 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 City 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 City's expense, and such participation by the City in the defense thereof shall not release the City 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 City 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 City Related Parties 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, none of the City, the Authority nor the WIFIA Lender shall assert, and each of the City, the Authority and the WIFIA Lender hereby waives, any claim against any Indemnitee or the City or the Authority, 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, the WIFIA Bond, this Agreement, the 2020 Installment Purchase Contract or any of the other Related Documents, 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 City'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 City under this Section 32 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 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 City hereunder or under the 2020 Installment Purchase Contract.

Section 33. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the Substantial Completion 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. 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 City Related Parties in accordance with Section 24 (*Amendments and Waivers*). The WIFIA Lender shall provide, at least sixty (60) days prior to any sale or reoffering of the WIFIA Loan, written notice to the City Related Parties and the 2020 Trustee of the WIFIA Lender's intention to consummate such a sale or reoffering; provided, however, that no such notice shall be required during the continuation of any Event of Default. The provision of any notice pursuant to this Section 33 shall not (x) obligate the WIFIA Lender to sell nor (y) provide the City Related Parties 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. Termination. This Agreement shall terminate upon the irrevocable payment in full in immediately available funds by the Authority of the WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto; provided, however, that the indemnification requirements of Section 32 (*Indemnification*), the reporting and record keeping requirements of Section 14(q) (*Affirmative Covenants – 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 36. Integration. This Agreement 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.

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 STOCKTON,
by its authorized representative

By: _____
Name: Matt Paulin
Title: Chief Financial Officer

**STOCKTON PUBLIC FINANCING
AUTHORITY,**
by its authorized representative

By: _____
Name: Matt Paulin
Title: Treasurer

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

By: _____
Name: Andrew R. Wheeler
Title: Administrator

SCHEDULE I
PROJECT BUDGET

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
1. WIFIA Loan	\$108,000,000.00	48.5%
2. SRF Loan ⁽¹⁾	\$46,800,000.00	21.0%
3. Series 2022 Bond Proceeds ⁽²⁾	\$67,892,538.00	30.5%
Total Sources of Funds	\$222,692,538.00	100.0%
USES OF FUNDS ⁽³⁾	AMOUNT (\$ USD)	PERCENTAGE (%)
Phase 1 (Initial Design)	\$5,508,113.00	2.5%
Phase 2A (90% Design)	\$6,026,561.00	2.7%
Phase 2B (Final Design and Construction)	\$186,596,624.00	83.8%
Administration (includes Environmental Review and Mitigation, City project oversight contracts, and other permitting and support costs)	\$9,121,240.00	4.1%
Contingency	\$15,440,000.00	6.9%
Total Uses of Funds	\$222,692,538.00	100%
Total Eligible Project Costs	\$222,692,538.00	100%
Total Project Costs	\$222,692,538.00	100%

⁽¹⁾ Anticipated.

⁽²⁾ As needed. Future bond sales will occur as needed in accordance with the Wastewater Utility's financing plan.

⁽³⁾ Bond issuance, required reserve funding and other financing costs are not included in the project budget.

SCHEDULE II
CONSTRUCTION SCHEDULE

Current Project Schedule		
Phase	Start Date	End Date
Planning (completed)	8/1/2014	8/1/2016
Design (through Issued for Construction)	1/23/2017	5/27/2020
Construction Notice to Proceed	--	9/3/2019
Initial Early Works Design Package	--	10/8/2019
Substantial Completion	5/3/2023 (Scheduled)	5/16/2023 (Contract)
Projected Substantial Completion Date	--	5/16/2023
Final Completion	8/16/2023 (Scheduled)	9/15/2023 (Contract)

SCHEDULE III
EXISTING INDEBTEDNESS

A. Parity Obligations

	Agreement/Series	Outstanding Principal ¹
1.	Stockton Public Financing Authority Wastewater Revenue Refunding Bonds, Series 2014 (1998 Wastewater Project and 2003 Wastewater Project) originally issued in the aggregate principal amount of \$69,440,000 on October 22, 2014	\$ 47,950,000
2.	Stockton Public Financing Authority Wastewater Bond Anticipation Notes, Series 2019 originally issued in the aggregate principal amount of \$118,510,000 on October 22, 2019	118,510,000

B. Subordinate Obligations

	Agreement/Series	Outstanding Principal ²
	None	

¹ As of Effective Date

² As of Effective Date

SCHEDULE IV

WIFIA PAYMENT INSTRUCTIONS

Acceptable Methods for WIFIA Payments to EPA

Option 1 PAY.GOV

Use of Pay.gov to make payments to EPA is the preferred electronic payment method. In Pay.gov, users can track their payments to EPA and schedule recurring or automatic payments. Although it is not mandatory to register for a user id to access and use Pay.Gov, registration is recommended to have access to all Pay.gov system functionality.

1. Access the Pay.gov system by going to <https://www.pay.gov> and search for WIFIA or click on the following hyperlink to directly launch the WIFIA Loan Collection & Fees Form.
2. Provide the following information on your payment to ensure proper credit:
 - Remitter's contact phone number
 - Company/Organization Name as it appears on EPA document
 - Complete address, including city, state, zip code
 - Project Name
 - Loan Number: this is EPA WIFIA Loan number, NOT the remitter's number
 - From the "Payment Type" drop down menu select the type from the Fee Notice letter
 - Other Description: please note the reference number from the Fee Notice letter
3. Follow the remaining on-screen instructions to successfully process the payment to EPA.
4. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

Option 2 FEDWIRE

Wire transfers made through FedWire are an alternative electronic wire transfer initiated between the borrower and its organization's financial institution (bank) and EPA. FedWire is typically used to initiate financial institution (bank) generated "same day" electronic payments.

Borrowers must work within the processing guidelines established by their bank, which may include processing cutoffs, transaction fees, and other bank requirements.

Banks that do not maintain an account at a Federal Reserve Bank (FRB) must use the services of correspondent banks that do have an FRB account. To process a payment using FedWire please:

1. Send FedWire deposits as early as possible and no later than 5 p.m. ET on the desired EPA receipt date
2. Review the FedWire form Instructions provided in Attachment 1 and complete the form. It is very important that all relevant details identified in the instructions are accurate.
3. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been made.

Option 3 CHECK PAYMENTS (Not allowed for payment of Principal or Interest)

1. Send checks to:

USPS Mailing Address

Laura Collier
USEPA Headquarters
William Jefferson Clinton Building
1200 Pennsylvania Avenue, N. W.
Mail Code: 2733R
Washington, DC 20460

Courier Address (e.g., FEDEX, UPS)

Courier Address
Laura Collier
Ronald Reagan Building
1300 Pennsylvania Ave., N.W.
Rm # 81164
Washington, DC 20004


2. Provide the following information on your check payment to ensure proper credit please:
 - Company/remitter's name (borrower name as it appears on EPA document)
 - Complete address, including city, state, zip
 - Remitter's point of contact person and phone number
 - EPA WIFIA Loan # (NOT the remitter's number)

- Payment Type/Reason for payment from the Fee Notice letter
 - Reference number from the Fee Notice letter.
3. Send an email to OCFO-OC-ACAD-WIFIA@epa.gov and wifia_portfolio@epa.gov informing that a payment has been submitted.

NOTES:

1. When checks are provided as payment, you authorize the EPA to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When the EPA uses information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.
2. As of the Effective Date, EPA is temporarily unable to accept paper checks due to the COVID-19 response. Prior to sending any paper check, contact EPA to determine whether paper checks are acceptable for payment at the time.

Attachment 1 – FedWire Payment Form and Instructions

		U.S. Environmental Protection Agency FUNDS TRANSFER DEPOSIT		
PC TO 021030004	TYPE 10	INSTRUCTIONS: Explicit completion and routing instructions are located on the reverse of this form. It is requested that prudent care be taken to ensure that all information is provided in the requested format. Failure to provide the information in the requested format may cause a delay in the notification of the funds transfer to EPA.		
FROM	CL			
SENDER				
RECEIVER TREAS NYC/(68010099)EPA				
THIRD PARTY INFORMATION				

The above FedWire form presented to your bank (*who will initiate and transmit the FedWire payment*) **MUST** contain all details below: *

TO (ABA)	021030004
TYPE	10
RECEIVER	TREAS NYC/(68010099)EPA
THIRD PARTY INFORMATION	To ensure proper credit please include the following information on your payment: <ul style="list-style-type: none"> • Company/remitter’s name (borrower name as it appears on EPA document) • Complete address, including city, state, zip code • Remitter’s point of contact person and phone number • EPA WIFIA Loan # (NOT the remitter’s number) • Payment Type/Reason for payment from the Fee Notice letter • Reference number from the Fee Notice letter
Shaded Areas	Those items that are shaded on the Form are to be entered by the bank on the funds transfer message. (Depending on the Federal Reserve District, some items may not be required.)
*Important: Failure to initiate the FedWire electronic wire transaction properly with the above fields included, will result in untimely or non-receipt of funds at EPA.	

For questions about payments to EPA please contact EPA’s Office of the Controller:

Phone: 202-564-7593. Voicemails can be left when calling outside business hours

Email: OCFO-OC-ACAD-WIFIA@epa.gov

For questions about the WIFIA program:

Email: wifia@epa.gov

SCHEDULE V

PROJECT DESCRIPTION

The Project is comprised of the following components:

Component	Location
New aeration basins and associated secondary clarifiers	Main Plant
New headworks consisting of influent pumping, grit removal and primary clarifier distribution structure	Main Plant
New disk filtration system.	Main Plant
New ultraviolet disinfection system.	Main Plant
New final effluent pump station.	Main Plant
New Engineering and Administration Building	Main Plant
New Laboratory and Safety Building	Main Plant
New Stores Building	Main Plant
Expanded Maintenance and Operations Building	Main Plant
New Stores Building	Main Plant
Rehabilitation of the 60-year-old screening facility to install new climber screens	Main Plant
Rehabilitation of the primary clarifiers with new mechanisms.	Main Plant
Repurposing of the biotower pump station for use as the primary effluent pump station	Main Plant
Repurposing the secondary effluent pump station for use as the diversion pump station	Main Plant
Repurposing the oxidation and wetland treatment ponds for use as diversion storage ponds	Oxidation ponds and wetland area
Reusing the effluent control structure and outfall	Tertiary Plant
Refurbishing and modification of the current Administration and Laboratory Building to become the Operations Building	Main Plant
Abandonment of existing Stores Building and Demolition of Lab Trailer, Hydropneumatic Tanks, Rental Pre-Fab Building, Sand Blasting Building, Old Electrical Building, Grit Dumpster Screening Room, Safety Building, Ops Building, Engineering Building, Trickling Filters and Sludge Storage Pad	Main Plant

SCHEDULE 12(n)

PRINCIPAL PROJECT CONTRACTS

A. Existing Principal Project Contracts

Contract	Date	Parties	Description
Progressive Design-Build	1/23/17, amended 4/17/19 and 8/21/19	City of Stockton and AECOM Infrastructure and WML, a Joint Venture	Design and construction of the Project
Project Management Professional Services	10/11/17, amended 8/19/19	City of Stockton and Robertson-Bryan, Inc.	Project management assistance to City staff
Construction Monitoring Professional Services	8/19/19	City of Stockton and Carollo Engineers, Inc.	Onsite monitoring of construction and quality assurance

B. Additional Principal Project Contracts

Contract	Expected Effective Date (if known)	Parties	Description
None anticipated			

EXHIBIT A

FORM OF WIFIA BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
STOCKTON PUBLIC FINANCING AUTHORITY
WASTEWATER REVENUE BOND
(REGIONAL WASTEWATER CONTROL FACILITY MODIFICATIONS PROJECT)
(WIFIA – N18126CA)
WIFIA BOND

No. R-1

Interest Rate	Maturity Date	Bond Date	CUSIP
As set forth herein	As set forth herein	September 30, 2020	86139Q AS4

STOCKTON PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”), the aggregate unpaid principal amount of all disbursements up to a maximum aggregate principal amount of \$108,000,000 made by the WIFIA Lender pursuant to the WIFIA Loan Agreement (as defined below) (the “**Disbursements**” and such amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement, minus the aggregate principal amount thereof repaid by the Authority, as determined in accordance with **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) to the WIFIA Loan Agreement, being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in the WIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the WIFIA Loan Agreement in accordance with **Exhibit F** (*WIFIA Debt Service; 2020 Installment Payment Schedule*) to the WIFIA Loan Agreement, as revised from time to time in accordance with the WIFIA Loan Agreement, until paid in full (which **Exhibit F**, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Bond). The WIFIA Lender is hereby authorized to modify the Principal Amortization Schedule included in **Exhibit F** to the WIFIA Loan Agreement from time to time in accordance with the terms of the WIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Authority thereunder. Absent manifest error, the WIFIA Lender’s determination of such matters as set forth on **Exhibit F** to the WIFIA Loan Agreement shall be conclusive evidence thereof;

provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Authority's obligations hereunder or under any other WIFIA Loan Document.

The interest rate on this WIFIA Bond shall be [___] percent ([___]%) per annum. Interest will accrue and be computed on the Outstanding Principal Sum (as well as on any past due interest) from time to time on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months; provided, that, upon the occurrence of an Event of Default, the Authority shall pay interest on the Outstanding Principal Sum at the Default Rate (as defined in the WIFIA Loan Agreement to be the sum of (a) the WIFIA Interest Rate set forth above plus (b) 200 basis points) in accordance with Section 6 (*Interest Rate*) of the WIFIA Loan Agreement.

Payments hereon are to be made in accordance with Section 8(d) (*Payment of Principal and Interest – Manner of Payment*) and Section 31 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Bond shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts.

This WIFIA Bond has been executed under and pursuant to that certain 2020 Indenture, dated as of the date September 1, 2020, between the Authority and Wells Fargo Bank, National Association, as trustee (the "**2020 Indenture**") and that certain WIFIA Loan Agreement, dated as of September 30, 2020, among the WIFIA Lender, the City and the Authority (the "**WIFIA Loan Agreement**") and is issued to evidence the obligation of the Authority under the WIFIA Loan Agreement to repay the loan made by the WIFIA Lender and any other payments of any kind required to be paid by the City under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for all details relating to the Authority's obligations hereunder. All capitalized terms used in this WIFIA Bond and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

This WIFIA Bond may be prepaid at the option of the Authority in whole at any time or in part on any Payment Date (but in the case of a partial prepayment the Authority is limited to one prepayment annually and, if in part, the amounts thereof to be prepaid shall be determined by the Authority; provided, however, that such prepayments shall be in principal amounts of \$1,000,000 or any integral multiple of \$1.00 in excess thereof), from time to time, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the WIFIA Bond in accordance with the WIFIA Loan Agreement.

This WIFIA Bond shall be subject to mandatory prepayment on the terms and conditions set forth in the WIFIA Loan Agreement.

Payment of the obligations of the Authority under this WIFIA Bond is secured by, and payable solely from, the Revenues and other amounts pledged under the 2020 Indenture.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this WIFIA Bond have happened, exist and have been performed as so required. This WIFIA Bond is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, STOCKTON PUBLIC FINANCING AUTHORITY has caused this WIFIA Bond to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

**STOCKTON PUBLIC FINANCING
AUTHORITY,**
by its authorized representative

(SEAL)

By _____

Name: _____

Title: _____

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This WIFIA Bond is the WIFIA Bond described in the within-mentioned 2020 Indenture.

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
(Authorized Signer)

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the Undersigned hereby unconditionally sells, assigns
and transfers unto

(Please Insert Social Security or other identifying number of Assignee(s)):

the within note and all rights thereunder.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

ANTICIPATED WIFIA LOAN DISBURSEMENT SCHEDULE

<u>Date</u>	<u>Amount</u>
6/1/2021	\$108,000,000

EXHIBIT C

FORM OF NON-DEBARMENT CERTIFICATE

The undersigned, on behalf of [CITY OF STOCKTON (the “City”)]/[STOCKTON PUBLIC FINANCING AUTHORITY (the “Authority”)], hereby certifies that the [City]/[Authority] has fully complied with its verification obligations under 2 C.F.R. § 180.320 and hereby further confirms, based on such verification, that, to its knowledge, the [City]/[Authority] and its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R. 1532.995):

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

(b) Have not within a three (3) year period preceding the Effective Date been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

(d) Have not within a three (3) year period preceding the Effective Date had one or more public transactions (federal, state or local) terminated for cause or default.

Dated: September 30, 2020

[CITY OF STOCKTON]/[STOCKTON PUBLIC FINANCING AUTHORITY],
by its authorized representative

By: _____
Name:
Title:

EXHIBIT D**REQUISITION PROCEDURES**

This **Exhibit D** sets out the procedures which the City, as agent of the Authority, agrees to follow in submitting Requisitions for the disbursement of WIFIA Loan proceeds in respect of the Eligible Project Costs incurred in connection with the Project. Section 1 sets out the manner in which Requisitions are to be submitted and reviewed. Sections 2 through 4 set out the circumstances in which the WIFIA Lender may reject or correct Requisitions submitted by the City or withhold a disbursement. The City 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 Agreement, 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 City if it fails to carry out its obligations under the WIFIA Loan Agreement during the term thereof.

Section 1. General Requirements. All requests by the City, as agent for the Authority, for the disbursement of WIFIA Loan proceeds shall be made by electronic mail or overnight delivery service by submission to the WIFIA Lender, in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement, of a Requisition, in form and substance satisfactory to the WIFIA Lender and completed and executed by the City's Authorized Representative. The form of Requisition is attached as **Appendix One** (*Form of Requisition*) to this **Exhibit D**.

Supporting documentation should be submitted with the requisition. If the City anticipates that it will draw down all or a portion of the proceeds of the WIFIA Loan to reimburse the City for Eligible Project Costs paid by or on behalf of the City prior to such disbursement of WIFIA Loan proceeds, whether paid from funds of the City or proceeds of System Obligations issued by the City, including for the purpose of paying or redeeming such System Obligations, the City shall deliver appropriate documentation, including invoices and records, evidencing such incurred or paid Eligible Project Costs (the "**Eligible Project Costs Documentation**"). The Eligible Project Costs Documentation must provide sufficient detail to enable the WIFIA Lender to verify that such costs are Eligible Project Costs paid by the City, in connection with the reimbursement of such Eligible Project Costs or for the purpose of paying or redeeming, in whole or part, the portion of any such short-term interim financing in respect of which the proceeds were used to pay such documented Eligible Project Costs. The WIFIA Lender shall review the Eligible Project Costs Documentation for compliance with WIFIA disbursement requirements, and any amounts approved by the WIFIA Lender as Eligible Project Costs will be disbursed at such time as the City submits a Requisition in respect of such approved amounts.

The WIFIA Lender agrees to promptly send to the City in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement, an acknowledgement of receipt of each Requisition in the form attached as **Appendix Two** (*[Approval/Disapproval] of the WIFIA Lender*) to this **Exhibit D** setting forth the date of receipt by the WIFIA Lender of such Requisition and setting forth the Business Day on which disbursement will be made absent denial by the WIFIA Lender. All disbursement requests must be received by the WIFIA Lender at or before 5:00 P.M. (EST) on the first (1st) Business Day of a calendar month in order to obtain disbursement by the fifteenth (15th) day of such calendar month or, if either such day is not a Business Day, the next succeeding

Business Day. If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the City of such approval and of the amount so approved.

Section 2. Rejection. A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (a) submitted without signature; (b) submitted under signature of a Person other than a City's Authorized Representative; (c) submitted after prior disbursement of all proceeds of the WIFIA Loan; (d) submitted without adequate Eligible Project Costs Documentation, including (i) copies of invoices and records evidencing the Eligible Project Costs, (ii) a summary of the progress of construction of the Project and a general description of the work done for which the funds being requisitioned are being applied (or a certification that no change has occurred since the date of the latest quarterly report provided pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*), and (iii) a copy of the most recent update to the City's risk register, if requested by the WIFIA Lender.

The WIFIA Lender will notify the City of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified above (other than Section 2(c)) must be resubmitted in proper form in order to be considered for approval. If a Requisition exceeds the balance of the WIFIA Loan proceeds remaining to be disbursed, the request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the City.

Section 3. Correction. A Requisition containing an apparent mathematical error will be corrected by the WIFIA Lender, after telephonic or email notification to the City, and will thereafter be treated as if submitted in the corrected amount.

Section 4. Withholding. 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: (a) a Default or an Event of Default shall have occurred and be continuing; (b) the City (i) 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; (ii) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by the City with applicable law pertaining to the Project or with the terms and conditions of the WIFIA Loan Agreement; (iii) fails to observe or comply with any applicable law, or any term or condition of the WIFIA Loan Agreement; (iv) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) of the WIFIA Loan Agreement; or (v) 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 Section 4(v), the WIFIA Lender may, in its sole discretion, partially approve a disbursement request in respect of any amounts for which adequate Eligible Project Costs has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts.

APPENDIX 1
FORM OF REQUISITION

United States Environmental Protection Agency³
1200 Pennsylvania Avenue NW
WJC-W 6201A
Washington, D.C. 20460
Attention: WIFIA Director

Re: Regional Wastewater Control Facility Modifications Project (WIFIA N18126CA)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) of the WIFIA Loan Agreement, dated as of September 30, 2020 (the “**WIFIA Loan Agreement**”), by and among the CITY OF STOCKTON (the “**City**”), the STOCKTON PUBLIC FINANCING AUTHORITY (the “**Authority**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the City, as agent for the Authority, hereby requests disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the City. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

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

1.	Project name	[]
2.	City name	[]
3.	WIFIA reference number	[]
4.	Requisition number	[]
5.	Requested disbursement amount	\$[]

³ If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

6.	Requested disbursement date (the “Disbursement Date”)	[__]
7.	Total amounts previously disbursed under the WIFIA Loan Agreement	\$_[__]
8.	Wire instructions	[__]

9. The amounts hereby requisitioned have been paid or incurred and approved for payment by or on behalf of the City for Eligible Project Costs and have not been paid for or reimbursed by any previous disbursement from WIFIA Loan proceeds. No portion of the amounts requisitioned will be applied to pay for Eligible Project Costs that have been previously paid, or are expected to be paid, with proceeds of debt of the City that is not the WIFIA Loan (“**Other Debt**”)[.][, except as set forth below:

Source of Other Debt	Amount of Other Debt
[__]	\$_[__]
Total Amount of Other Debt	\$_[__]

- 10. The aggregate amount of all disbursements of the WIFIA Loan (including the amount requested under this Requisition) does not exceed (a) the amount of the WIFIA Loan, (b) the amount of Eligible Project Costs paid or incurred by the City, and (c) the cumulative disbursements through the end of the current Federal Fiscal Year as set forth in the Anticipated WIFIA Loan Disbursement Schedule.
- 11. The City has sufficient available funds committed to the Project, which together with funds that remain available and not yet drawn under the WIFIA Loan, will be sufficient to pay the reasonably anticipated remaining Total Project Costs.
- 12. The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs.
- 13. The City has all Governmental Approvals necessary as of the date hereof and as of the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), for the development, construction, operation and maintenance of the Project and each such Governmental Approval has been issued and is in full force and effect (and is not subject to any notice of violation, breach or revocation).

14. Each of the insurance policies obtained by the City in satisfaction of Section 11(a)(xvi) (*Conditions Precedent – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement is in full force and effect, and no notice of termination thereof has been issued by the applicable insurance provider.
15. As of the date hereof and on the Disbursement Date (immediately after giving effect to the above-requested disbursement of WIFIA Loan proceeds), (i) no Default or Event of Default and (ii) no event of default under any other Related Document and no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any Related Document, in each case, has occurred and is continuing. 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 Effective Date.
16. The City, 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 without limitation 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.
17. The representations and warranties of the City Related Parties set forth in the WIFIA Loan Agreement and in each other Related 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 shall be true and correct as of such earlier date).
18. Each Financing Document and Principal Project Contract that has been delivered by the City to the WIFIA Lender pursuant to Section 11(b) (*Conditions Precedent – Conditions Precedent to Disbursements*) is complete, fully executed and in full force and effect.
19. The current estimated percentage of physical completion of the Project is [___]%. The City is in compliance with Section 16(d) (*Reporting Requirements – Construction Report*) and no change has occurred since the date of the most recently delivered quarterly construction progress report that could reasonably be expected to cause a Material Adverse Effect.⁴
20. All documentation evidencing the Eligible Project Costs to be reimbursed to the City [or to be used to pay Eligible Project Costs previously paid from proceeds of Other Debt] by the above-requested disbursement has been delivered by the City to the WIFIA

⁴ 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).

Lender at the times and in the manner specified by the WIFIA Loan Agreement, including the details set forth [in the attachment hereto, which is in form satisfactory to the WIFIA Lender][below:

								WIFIA USE ONLY	
Vendor or Contractor Name ⁵	Invoice Number ⁶	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount ⁷	Activity Type ⁸	Description of Activity ⁹	Approved Amount	Notes

The portion of the amount requisitioned equal to the total amount of the Other Debt set forth above will be promptly applied by the City to either (i) discharge a like principal amount of such Other Debt or (ii) reimburse the applicable fund or account from which the proceeds of such Other Debt were spent.]¹⁰

The undersigned acknowledges that if the City 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 City the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

Date: _____

CITY OF STOCKTON,
By its authorized representative

⁵ If seeking reimbursement for internal costs, enter "Internally financed activities."

⁶ Vendor's number indicated on the invoice sent to the City.

⁷ If the amount requested for reimbursement by WIFIA is less than the total amount of the invoice, include an explanation for the difference.

⁸ 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 column H.

⁹ 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.

¹⁰ This paragraph should be included when the Eligible Project Costs for which the proceeds of the requisition are to be applied were previously funded with bond anticipation notes or other short-term interim financing by the Authority or the City on a temporary basis with the intent of redeeming the bond anticipation notes or other obligations with proceeds of the WIFIA Loan as permanent financing, or reimbursing the applicable funds of the other obligations such that they become available for payment of other Project costs.

By: _____
Name:
Title: _____

APPENDIX TWO TO EXHIBIT D

**[APPROVAL/DISAPPROVAL] OF THE WIFIA LENDER
(To be delivered to the City)**

Requisition Number [_____] is [approved in the amount of \$[_____]] [approved in part in the amount of \$[_____]] [not approved, for the reasons set forth in Annex A attached hereto,]¹¹ by the WIFIA Lender (as defined herein) pursuant to Section 4 (*Disbursement Conditions*) of the WIFIA Loan Agreement, dated as of September 30, 2020, by and among the City of Stockton (the “City”), the Stockton Public Financing Authority (the “**Authority**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”).

Any determination, action or failure to act by the WIFIA Lender with respect to the Requisition set forth above, including any withholding of a disbursement, shall be at the WIFIA Lender’s sole discretion, and in no event shall the WIFIA Lender be responsible for or liable to the City for any and/or all consequence(s) which are the result thereof.

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator

By: _____
WIFIA Lender’s Authorized Representative
Name:
Title:
Dated:

¹¹If there is any partial or full denial of approval, the WIFIA Lender should provide a separate attachment setting forth the reasons for such partial or full denial of approval.

EXHIBIT E

FORM OF NON-LOBBYING CERTIFICATE

The undersigned, on behalf of CITY OF STOCKTON, hereby certifies, to the best of his or her knowledge and belief, that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the City, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of the WIFIA Loan.

(b) If any funds other than proceeds of the WIFIA Loan 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 of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the WIFIA Loan, the City shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(c) The City shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when the WIFIA Lender entered into this Agreement. Submission of this certification is a prerequisite to the effectiveness of this Agreement imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Dated: September 30, 2020

CITY OF STOCKTON,
by its authorized representative

By: _____
Name:
Title:

EXHIBIT F

WIFIA DEBT SERVICE; 2020 INSTALLMENT PAYMENT SCHEDULE

EXHIBIT G-1**OPINIONS REQUIRED FROM COUNSEL TO THE CITY**

An opinion of the counsel of the City, dated as of the Effective Date, to the effect that: ¹²

(a) the City is duly formed, validly existing, and in good standing as a municipal corporation and chartered city under the Constitution and the laws of the State of California and its charter;

(b) the City has duly and validly adopted the WIFIA Resolution at a meeting of the City Council of the City on September 29, 2020, which meeting was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the WIFIA Resolution is in full force and effect as of the date hereof and has not been modified, amended or rescinded;

(c) the City has all requisite power and authority to conduct its business and to execute and deliver, and to perform its obligations under the WIFIA Loan Agreement and the 2020 Installment Purchase Contract;

(d) the execution and delivery by the City of, and the performance of its respective obligations under, the WIFIA Loan Agreement and the 2020 Installment Purchase Contract, have been duly authorized by all necessary organizational or regulatory action;

(e) the City has duly executed and delivered the WIFIA Loan Agreement and the 2020 Installment Purchase Contract and each such agreement constitutes the legal, valid and binding obligation of the City, enforceable against the City in accordance with their respective terms;

(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 City for the execution and delivery by the City of, and the performance of the City under, the WIFIA Loan Agreement and the 2020 Installment Purchase Contract other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the City;

(g) the execution and delivery by the City of, and compliance with the provisions of, the WIFIA Loan Agreement and the 2020 Installment Purchase Contract in each case do not (i) violate the Organizational Documents of the City, (ii) violate the law of the United States of America or of the State or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which the City is a party, or to the best of such counsel's knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the City is subject;

(h) to our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the City by or before any court, arbitrator or any other Governmental

¹² Cover any Existing Principal Project Contracts?

Authority in connection with the WIFIA Resolution, the WIFIA Loan Agreement, the 2020 Installment Purchase Contract or the Project that are pending; and

(i) the City is not entitled to claim governmental immunity in any breach of contract action under the WIFIA Loan Agreement or the 2020 Installment Purchase Contract.

EXHIBIT G-2**OPINIONS REQUIRED FROM COUNSEL TO THE AUTHORITY**

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

(a) the Authority is duly formed, validly existing, and in good standing as a joint exercise of powers authority under and pursuant to the Constitution and the laws of the State of California;

(b) the Authority has duly and validly adopted the Authority Resolution at a meeting of the Board of Directors of the Authority on September 29, 2020, which meeting was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Authority Resolution is in full force and effect as of the date hereof and has not been modified, amended or rescinded;

(c) the Authority has all requisite power and authority to issue the WIFIA Bond and to conduct its business and to execute and deliver, and to perform its obligations under the WIFIA Loan Agreement, the 2020 Indenture and the 2020 Installment Purchase Contract;

(d) the issuance of the WIFIA Bond and the execution and delivery by the Authority of, and the performance of its respective obligations under, the WIFIA Loan Agreement, the 2020 Indenture and the 2020 Installment Purchase Contract, have been duly authorized by all necessary organizational or regulatory action;

(e) the Authority has duly executed and delivered the WIFIA Loan Agreement, the 2020 Indenture and the 2020 Installment Purchase Contract, and each such agreement constitutes the legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with their respective terms;

(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 Authority for the issuance of the WIFIA Bond and the execution and delivery by the Authority of, and the performance of the Authority under, the WIFIA Loan Agreement, the 2020 Indenture and the 2020 Installment Purchase Contract other than authorizations, consents, approvals, registrations, declarations and filings that have already been timely obtained or made by the Authority;

(g) the issuance of the WIFIA Bond and the execution and delivery by the Authority of, and compliance with the provisions of, the WIFIA Loan Agreement, the 2020 Indenture and the 2020 Installment Purchase Contract in each case do not (i) violate the Organizational Documents of the Authority, (ii) violate the law of the United States of America or of the State or (iii) conflict with or constitute a breach of or default under any material agreement or other instrument known to such counsel to which the Authority is a party, or to the best of such counsel's knowledge, after reasonable review, any court order, consent decree, statute, rule, regulation or any other law to which the Authority is subject;

(h) to our knowledge after due inquiry, there are no actions, suits, proceedings or investigations against the Authority by or before any court, arbitrator or any other Governmental Authority in connection with the Authority Resolution, the WIFIA Loan Agreement, the 2020 Indenture, the 2020 Installment Purchase Contract, the WIFIA Bond or the Project that are pending; and

(i) the Authority is not entitled to claim governmental immunity in any breach of contract action under the WIFIA Loan Agreement, the 2020 Indenture, the 2020 Installment Purchase Contract or the WIFIA Bond.

EXHIBIT G-3**OPINIONS REQUIRED FROM BOND COUNSEL**

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

(a) the Authority has been duly created and validly exists as a joint exercise of powers authority under and pursuant to the Constitution and the laws of the State, with good right and power to issue the WIFIA Bond;

(b) the Authority has the right and power under the laws of the State, to enter into the WIFIA Loan Agreement, the 2020 Indenture and the 2020 Installment Purchase Contract and to issue the WIFIA Bond, and each has been duly authorized, executed and delivered by the Authority, is in full force and effect, and constitutes a legal, valid and binding agreement of the Authority enforceable against the Authority in accordance with its respective terms and conditions;

(c) the WIFIA Bond is (i) secured by a valid lien on and security interest in and pledge of the Trust Collateral, (ii) a Bond entitled to the benefits of a Bond under the 2020 Indenture and (iii) enforceable under the laws of the State without any further action by the Authority or any other Person,

(d) the 2020 Indenture creates the valid and binding assignment and pledge of, and valid and binding lien on and security interest in, the Trust Collateral to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Bond, irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or further act;

(e) the City has been duly created and validly exists as a municipal corporation and chartered city under the Constitution and the laws of the State of California and its charter;

(f) the City has the right and power under the laws of the State, to enter into the WIFIA Loan Agreement and the 2020 Installment Purchase Contract, and each such agreement has been duly authorized, executed and delivered by the City, is in full force and effect, and constitutes a legal, valid and binding agreement of the City enforceable against the City in accordance with its respective terms and conditions;

(g) the 2020 Installment Payments and the 2020 Additional Payments (including the Other WIFIA Payments) are (i) secured by a valid lien on and security interest in and pledge of the Pledged Collateral, (ii) Parity Obligations entitled to the benefits of Parity Obligations under the Financing Documents and (iii) enforceable under the laws of the State without any further action by the City or any other Person;

(h) the 2020 Installment Purchase Contract creates the valid and binding assignment and pledge of, and valid and binding lien on and security interest in, the Net System Revenues to secure the payment of the 2020 Installment Payments, the 2020 Additional Payments (including the Other WIFIA Payments) and any other Parity Obligations as provided therein;

(i) the WIFIA Loan Agreement creates the valid and binding assignment and pledge of, and valid and binding lien on and security interest in, the Pledged Collateral to secure the payment of the 2020 Installment Payments and the 2020 Additional Payments (including the Other WIFIA Payments) as provided in the WIFIA Loan Agreement on a parity with any other Parity Obligations;

(i) all actions by the City that are required for the application of System Revenues as required under the 2020 Installment Purchase Contract and under the WIFIA Loan Agreement have been duly and lawfully made;

(j) the Authority has complied with the requirements of State law to lawfully pledge the Trust Collateral and use the Authority Revenues as required by the terms of the 2020 Indenture and the WIFIA Loan Agreement; and

(k) the City has complied with the requirements of State law to lawfully pledge the Pledged Collateral and use the System Revenues as required by the terms of the 2020 Installment Purchase Contract and the WIFIA Loan Agreement.

EXHIBIT H

FORM OF CERTIFICATE OF TRUSTEE

STOCKTON PUBLIC FINANCING AUTHORITY
WASTEWATER REVENUE BOND
(REGIONAL WASTEWATER CONTROL FACILITY MODIFICATIONS PROJECT)
(WIFIA – N18126CA)
WIFIA BOND

The undersigned, Wells Fargo Bank, National Association (the “**2020 Trustee**”), by its duly appointed, qualified and acting [_____], certifies with respect to the above referenced bond (the “**WIFIA Bond**”) issued on September 30, 2020, as follows (capitalized terms used in this Certificate which are not otherwise defined shall have the meanings given to such terms in the 2020 Indenture (as defined below)):

1. That the 2020 Trustee is a national association duly organized and validly existing under the laws of the United States of America and [is duly licensed and] in good standing under the laws of the State of California.

2. 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 2020 Trustee of its duties and obligations under the documents pertaining to the issuance of the WIFIA Bond have been obtained by the 2020 Trustee and are in full force and effect.

3. That the documents pertaining to the issuance of the WIFIA Bond to which the 2020 Trustee is a party were executed by the 2020 Trustee and the WIFIA Bond was authenticated on behalf of the 2020 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 is authorized to act as 2020 Trustee and accept the trusts conveyed to it under the 2020 Indenture (“**Trusts**”), has accepted the Trusts so conveyed and in so accepting the Trusts and so acting is in violation of no 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 attached to this Certificate as Annex Two¹³ is a full, true and correct copy of excerpts from [resolutions of the board of directors][the bylaws] of the 2020 Trustee and other applicable documents that evidence the 2020 Trustee’s trust powers and the authority of the officers referred to above to act on behalf of the 2020 Trustee; and that these excerpts and other

¹³ If the Trustee’s authorizing document is the same document that sets out the incumbency signatures (e.g. US Bank NA), refer to and attach one annex. If separate documents, refer here to and attach as a second annex.

applicable documents were in effect on the date or dates such officers acted and remain in full force and effect today, and such excerpts and documents have not been amended since the date of the last amendment thereto shown on any such copy, as applicable.

6. That receipt is acknowledged of all instruments, certifications and other documents or confirmations required to be received by the 2020 Trustee pursuant to that certain 2020 Indenture (the “**2020 Indenture**”), dated as of September 1, 2020, between the Stockton Public Financing Authority (the “**Authority**”) and the 2020 Trustee.

7. That receipt is also acknowledged of that certain WIFIA Loan Agreement, dated as of September 30, 2020 (the “**WIFIA Loan Agreement**”), among the City of Stockton (the “**City**”), the Authority and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Bondholder**”).

8. That the 2020 Trustee also accepts its appointment and agrees to perform the duties and responsibilities of 2020 Trustee for and in respect of the WIFIA Bond as set forth in the 2020 Indenture and the WIFIA Loan Agreement, including from time to time redeeming all or a portion of the WIFIA Bond as provided in the 2020 Indenture. In accepting such duties and responsibilities, the 2020 Trustee shall be entitled to all of the privileges, immunities, rights and protections set forth in Article V of the 2020 Indenture.

9. That all funds and accounts for the payment of the WIFIA Bond pursuant to the 2020 Indenture (including, but not limited to, the 2020 Installment Payment Fund and the 2020 Reserve Account) have been established as provided in the 2020 Indenture.

Dated: September 30, 2020

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
Name:
Title:

*3[Signature page to City of Stockton Regional Wastewater Control Facility Modifications Project
– Certificate of Trustee]*

ANNEX ONE TO EXHIBIT H

[See attached]

EXHIBIT I-1**FORM OF CITY CLOSING CERTIFICATE**

Reference is made to that certain WIFIA Loan Agreement, dated as of September 30, 2020 (the “WIFIA Loan Agreement”), by and among the City of Stockton (the “City”), the Stockton Public Financing Authority (the “Authority”) 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 – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, [_____], as City’s Authorized Representative, does hereby certify on behalf of the City and not in his/her personal capacity, as of the date hereof:

- (a) pursuant to Section 11(a)(viii), the City has delivered to the WIFIA Lender an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the City to execute the Related Documents to which the City is or will be a party, and who have been appointed as a City’s Authorized Representative in accordance with Section 21 (*Authorized Representatives*) of the WIFIA Loan Agreement, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan;
- (b) pursuant to Section 11(a)(ii), the City has delivered to the WIFIA Lender copies of each WIFIA Loan Document, together with any amendments, waivers or modifications thereto, that has been entered into on or prior to the Effective Date, true, correct and complete copies of which are included in the closing transcripts for the WIFIA Loan, and each such document is complete, fully executed, and in full force and effect, and all conditions contained in such documents that are necessary to the closing of the WIFIA transactions contemplated hereby have been fulfilled;
- (c) pursuant to Section 11(a)(iii), the City has delivered to the WIFIA Lender copies of each Existing Principal Project Contract, together with any amendments, waivers or modifications thereto, and each such document is complete, fully executed, and in full force and effect;
- (d) pursuant to Section 11(a)(iv), the City has delivered to the WIFIA Lender a copy of the City’s Charter as in effect on the Effective Date, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan, which Charter is in full force and effect and a copy of Resolution No. [_____], adopted by the City Council of the City on September 29, 2020 and authorizing, among other things, the City to enter into the 2020 Installment Purchase Contract and the WIFIA Loan Agreement (the “WIFIA Resolution”), a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan, which WIFIA Resolution has been duly adopted by the City Council of the City

and is in full force and effect, and other than the 2020 Installment Purchase Contract and the WIFIA Resolution, there are no additional instruments or documents necessary for the City to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents;

- (e) pursuant to Section 11(a)(viii)(1), the aggregate of all funds committed to the development and construction of the Project as set forth in the Base Case Financial Model and in the Project Budget are sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion by the Projected Substantial Completion Date;
- (f) pursuant to Section 11(a)(viii)(2), the City has obtained all Governmental Approvals necessary (i) as of the Effective Date in connection with the Project and (ii) to execute and deliver, and perform its obligations under the WIFIA Loan Documents, and each such Governmental Approval is final, non-appealable and in full force and effect (and is not subject to any notice of violation, breach or revocation);
- (g) pursuant to Section 11(a)(viii)(3), (i) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act to the City, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs and (ii) the total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan, does not exceed eighty percent (80%) of Total Project Costs;
- (h) pursuant to Section 11(a)(viii)(4), the City is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project, and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such compliance;
- (i) pursuant to Section 11(a)(viii)(5), the City has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project during its useful life;
- (j) pursuant to Section 11(a)(viii)(6), (i) the City's Federal Employer Identification Number is 94-6000436, and the City has delivered to the WIFIA Lender evidence of such Federal Employer Identification Number, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan, (ii) the City's Data Universal Numbering System number is 068872274, and the City has delivered to the WIFIA Lender evidence of such Data Universal Numbering System number, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan and (iii) the City has registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov), and the City has delivered to the WIFIA Lender evidence of such confirmation of active registration status, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan;

- (k) pursuant to Section 11(a)(viii)(7), the CUSIP number for the WIFIA Loan is 86139Q AS4, and the City has delivered to the WIFIA Lender evidence of such CUSIP number, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan;
- (l) pursuant to Section 11(a)(viii)(8), the representations and warranties of the City set forth in the WIFIA Loan Agreement and in each other Related Document to which the City 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;
- (m) pursuant to Section 11(a)(viii)(9), 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 September 4, 2019;
- (n) pursuant to Section 11(a)(x), none of the rating letters delivered to the WIFIA Lender pursuant to such Section 11(a)(x) has been reduced, withdrawn or suspended as of the Effective Date;
- (o) pursuant to Section 11(a)(xi), the City has delivered to the WIFIA Lender the Base Case Financial Model, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan, which (i) demonstrates that projected System Revenues are sufficient to meet the Principal Amortization Schedule, (ii) demonstrates compliance with the Rate Covenant for each City Fiscal Year through the Final Maturity Date, (iii) reflects principal amortization and interest payment schedules acceptable to the WIFIA Lender, (iv) demonstrates that the City has developed, and identified adequate revenues to implement, a plan for operating, maintaining and repairing the Project over its useful life and (v) otherwise meets the requirements of such Section 11(a)(xi); [and]
- (p) pursuant to Section 11(a)(xii), the City has delivered to the WIFIA Lender [certificates of insurance][is a certificate of the City's risk management department pertaining to the City's self-insurance program], true, correct and complete copies of which are included in the closing transcripts for the WIFIA Loan, and such [certificates of insurance are]/[insurance certificate is] true and correct and demonstrates compliance with the requirements of Section 14(f) (*Affirmative Covenants – Insurance*) of the WIFIA Loan Agreement[; and][.]
- (q) [any other attachments and provisions, as may apply to the specific WIFIA Loan Agreement].

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

CITY OF STOCKTON,
by its authorized representative

By: _____

Name:

Title:

*4[Signature page to City of Stockton Regional Wastewater Control Facility Modifications Project
– City Closing Certificate]*

FORM OF INCUMBENCY CERTIFICATE

The undersigned certifies that he/she is the City Clerk of the City of Stockton, a municipal corporation and chartered city duly organized and existing under the Constitution and the laws of the State of California and its charter (the “City”), and as such he/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 City in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/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 City’s Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, between the City and the United States Environmental Protection Agency, acting by and through the Administrator):

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Matt Paulin	Chief Financial Officer	_____
Jay Kapoor	Assistant Chief Financial Officer	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this 30th day of September, 2020.

CITY OF STOCKTON,
by its authorized representative

By: _____
Name: Eliza Garza
Title: City Clerk

EXHIBIT I-2**FORM OF AUTHORITY CLOSING CERTIFICATE**

Reference is made to that certain WIFIA Loan Agreement, dated as of September 30, 2020 (the “WIFIA Loan Agreement”), by and among the City of Stockton (the “City”), the Stockton Public Financing Authority (the “Authority”) 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 – Conditions Precedent to Effectiveness*) of the WIFIA Loan Agreement, the undersigned, [_____], as Authority’s Authorized Representative, does hereby certify on behalf of the Authority and not in his/her personal capacity, as of the date hereof:

- (a) pursuant to Section 11(a)(viii), the Authority has delivered to the WIFIA Lender an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Authority to execute the Related Documents to which the Authority is or will be a party, and who have been appointed as a Authority’s Authorized Representative in accordance with Section 21 (*Authorized Representatives*) of the WIFIA Loan Agreement, a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan;
- (b) pursuant to Section 11(a)(iv), the Authority has delivered to the WIFIA Lender certified copies of the Authority’s joint exercise of powers agreement, notice of a joint powers agreement filed with the Secretary of State and roster of public agencies filing and acknowledgment from the Secretary of State as of a date within 30 days prior to the date hereof, true, correct and complete copies of which are included in the closing transcripts for the WIFIA Loan, which Organizational Documents are in full force and effect and a copy of the Resolution No. [_____], adopted by the Board of Directors of the Authority on September 29, 2020 and authorizing, among other things, the Authority to issue the WIFIA Bond and to enter into the 2020 Indenture, the 2020 Installment Purchase Contract and the WIFIA Loan Agreement (the “Authority Resolution”), a true, correct and complete copy of which is included in the closing transcripts for the WIFIA Loan, which Authority Resolution has been duly adopted by the Board of Directors of the Authority and is in full force and effect, and other than the 2020 Indenture and the Authority Resolution, there are no additional instruments or documents necessary for the Authority to issue the WIFIA Bond or to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents;
- (c) pursuant to Section 11(a)(viii)(2), the Authority has obtained all Governmental Approvals necessary to execute and deliver, and perform its obligations under the

WIFIA Loan Documents, and each such Governmental Approval is final, non-appealable and in full force and effect (and is not subject to any notice of violation, breach or revocation);

- (d) pursuant to Section 11(a)(viii)(8), the representations and warranties of the Authority set forth in the WIFIA Loan Agreement and in each other Related Document to which the Authority 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
- (e) [*any other attachments and provisions, as may apply to the specific WIFIA Loan Agreement*].

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

**STOCKTON PUBLIC FINANCING
AUTHORITY,**
by its authorized representative

By: _____
Name:
Title:

*3[Signature page to City of Stockton Regional Wastewater Control Facility Modifications Project
– Authority Closing Certificate]*

FORM OF INCUMBENCY CERTIFICATE

The undersigned certifies that he/she is the Secretary of the Stockton Public Financing Authority, a joint exercise of powers entity duly organized and existing under the laws of the State of California (the “Authority”), and as such he/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 Authority in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/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 Authority’s Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, between the Authority and the United States Environmental Protection Agency, acting by and through the Administrator):

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Matt Paulin	Treasurer	_____
Jay Kapoor	Assistant Treasurer	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this 30th day of September, 2020.

**STOCKTON PUBLIC FINANCING
AUTHORITY,**
by its authorized representative

By: _____
Name: Eliza Garza
Title: Secretary

EXHIBIT J

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[Letterhead of City]

[Date]

WIFIA Program Office
[Insert Proper Address]
Attention: Administrator

Project: Regional Wastewater Control Facility Modifications Project (WIFIA – N18126CA)

Dear Director:

This Notice is provided pursuant to Section 16(a)(i)(A) (*Affirmative Covenants – Notice – Substantial Completion*) of that certain WIFIA Loan Agreement (the “WIFIA Loan Agreement”), dated as of September 30, 2020, by and among the City of Stockton (the “**City**”), the Stockton Public Financing Authority (the “**Authority**”) 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 Notice have the meanings assigned to those terms in the WIFIA Loan Agreement.

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

- (a) on *[insert date Substantial Completion requirements were satisfied]*, the Project satisfied each of the requirements for Substantial Completion set forth in the *[Insert reference to the concession agreement, design-build or similar agreement for the Project]*;
- (b) Substantial Completion has been declared under each of the above-referenced agreements and copies of the notices of Substantial Completion under such agreements are attached to this certification; and
- (c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved.

CITY OF STOCKTON,
by its authorized representative

By: _____
Name:
Title:

EXHIBIT K
FORM OF QUARTERLY REPORT

United States Environmental Protection Agency
 WIFIA Director
 WJC-W 6201A
 1200 Pennsylvania Avenue NW
 Washington, DC 20460
 WIFIA_Portfolio@epa.gov

Re: Regional Wastewater Control Facility Modifications Project (WIFIA – N18126CA)

This Quarterly Report for the period of [____] is provided pursuant to Section 16(d) (*Reporting Requirements – Construction Reporting*) of the WIFIA Loan Agreement, dated as of September 30, 2020 (the “**WIFIA Loan Agreement**”), by and among the City of Stockton (“**the City**”), the Stockton Public Financing Authority (the “**Authority**”) 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 Quarterly Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

(i) Amount Expended

Principal Project Contract (PPC)	Original Contract Amount	Change Orders to Date	Total Estimated Costs	Estimated Costs to Complete	Costs Earned or Paid Through Previous Reporting period	Current Reporting Period Costs Earned or Paid	Total Costs Earned or Paid to date	% Costs Earned or Paid to Date
TOTAL								

(ii) Construction Progress, Governmental Approvals, Updated Schedule

Assessment of overall construction progress:

Notice of receipt of relevant Governmental Approvals since the Effective Date and since the prior Quarterly Report:

Assessment of construction progress compared to Construction Schedule provided in the prior Quarterly Report:

Principal Project Contract (PPC)	NTP Effective Date	Original Time for Completion (days)	Original Contract Completion (date)	Time Added to Date (days)	Current Contract Completion (date)	Days Elapsed	% Contract Duration

(iii) Substantial Completion Date

Current projection for the Substantial Completion Date: _____

If the current projection for the substantial completion date is later than previously reported in the prior Quarterly Report, provide a description in reasonable detail for such projected delay:

(iv) Material Problems (if any)

Detailed description of all material problems (including actual and anticipated cost and/or schedule overruns, if any), encountered or anticipated in connection with the construction of the Project during the preceding quarter, together with an assessment of how such problems may impact the Construction Schedule and the meeting of critical dates thereunder and a detailed description of the proposed solutions to any such problems:

(v) Proposed or pending change orders that exceed the threshold set out in Section 16(f) (*Modifications to Total Project Costs*) or could reasonably be expected to result in a Material Adverse Effect

(vi) Other matters related to the Project

Date: _____

CITY OF STOCKTON,
by its authorized representative

By: _____

Name: _____

Title: _____

EXHIBIT L**FORM OF PUBLIC BENEFITS REPORT**

Pursuant to Section 11(a)(xiv) and Section 16(e) of the WIFIA Loan Agreement, the City of Stockton (the “City”) is providing this Public Benefits Report in connection with the Regional Wastewater Control Facility Modifications Project (WIFIA – N18126CA):

- (i) **The estimated interest savings the City is realizing through the use of the WIFIA Loan compared to comparable market rate financing:**

The estimated interest savings from use of the WIFIA Loan compared to a comparable market rate financing is \$[____] million on a gross savings basis and \$[____] million on a present value basis.

- (ii) **With respect to the report delivered [prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) days following the fifth anniversary of the Substantial Completion Date], the number of jobs projected to be created by the Project during the period between the Effective Date and the Substantial Completion Date:**

The City projects [__] jobs to be created by the Project during the period between [[(1)] the Effective Date and the Substantial Completion Date]¹⁴ [and] [[(2)] the Substantial Completion Date and the fifth anniversary of the Substantial Completion Date].¹⁵

- (iii) **Whether the Project will assist the City in complying with applicable regulatory requirements, and if so, a narrative description describing such enhancements:**

[____]

- (iv) **The amount by which the Project will [assist the City (measured by percent annually) in reducing levels of Nitrogen, Phosphorus, biochemical oxygen demand (BOD) and total suspended solids (TSS)][increase the volume of potable water produced (measured in MGD annually)][increase the volume of water recycled, recharged or redirected (measured in MGD annually)][increase Class [A][B] biosolids (measured in tons annually)]¹⁶:**

[____]

¹⁴ Include for both the reports delivered (i) prior to the Effective Date and (ii) 90 days following the Substantial Completion Date.

¹⁵ Include for both the reports delivered (i) prior to the Effective Date and (ii) 90 days following the fifth anniversary of the Substantial Completion Date.

¹⁶ Include one of the bracketed items as applicable.