

EXHIBIT A



HDW Draft 5/1/2026  
WIFIA CUSIP Number: [\_\_\_\_\_]

**UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY**

**WIFIA LOAN AGREEMENT**

**For Up to \$[861,331,335]<sup>1</sup>**

**With**

**CITY OF AUSTIN, TEXAS**

**For the**

**WALNUT CREEK WASTEWATER TREATMENT PLANT  
EXPANSION AND ENHANCEMENTS PROJECT  
(WIFIA ID – 23123TX)**

Dated as of [\_\_\_\_\_], 2026

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<sup>1</sup> This amount does not include capitalized interest.

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DRAFT

## WIFIA LOAN AGREEMENT

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

### RECITALS:

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

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

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

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

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

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the WIFIA Bond in accordance with the terms and provisions hereof and of the WIFIA Bond; and

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

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

## ARTICLE I DEFINITIONS AND INTERPRETATION

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

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

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

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

“**Additional Obligations**” means Additional Parity Water/Wastewater Obligations and Additional Subordinated Debt.

“**Additional Parity Water/Wastewater Obligations**” means any Parity Water/Wastewater Obligations permitted under Section 15(a) (*Indebtedness*) and under the Master Ordinance, which Parity Water/Wastewater Obligations are issued or incurred after the Effective Date.

“**Additional Subordinated Debt**” means any Subordinated Debt permitted under Section 15(a) (*Indebtedness*) and under the Master Ordinance, which Subordinated Debt is issued or incurred after the Effective Date.

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

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

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

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

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

conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Repayments*) and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing sub-clauses (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 Pledged 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 Water/Wastewater Obligations, or (ii) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of pursuant to a sale or disposition of such Pledged 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 the 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 any of the Ordinance Documents or the Other Financing Documents for application to the prepayment or repayment of any principal amount of the Parity Water/Wastewater Obligations other than in accordance with the provisions of the Master Ordinance.

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

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

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

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

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

“**Capitalized Interest Date**” means, if applicable as set forth in the WIFIA Loan Amortization Schedule, the dates set forth in the “Period Payment Date” column of the WIFIA Loan Amortization Schedule corresponding with any amounts greater than \$0 set forth in the “Capitalized Interest” column of the WIFIA Loan Amortization Schedule, or, if no amounts are set forth in such “Capitalized Interest” column, capitalized interest dates shall not be applicable with respect to the WIFIA Loan hereunder.

“**Capitalized Interest Period**” means, if applicable as set forth in the WIFIA Loan Amortization Schedule, the period from (and including) the Capitalized Interest Date falling on the first Disbursement to (but excluding) the Capitalized Interest Date that is six (6) months prior to the first Payment Date, subject to earlier termination as set forth in Section 8(a)(iii) (*Payment of WIFIA Debt Service*), or, if the WIFIA Loan Amortization Schedule does not specify any Capitalized Interest Date, a capitalized interest period shall not be applicable with respect to the WIFIA Loan hereunder.

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

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

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

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

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

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

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

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

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

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

“**Development Default**” means (a) the Borrower abandons work or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to the Project or (b) the Borrower fails to achieve Substantial Completion of the Project by the Development Default Date, unless such failure to achieve Substantial Completion shall occur by reason of an Uncontrollable Force that is not due to the fault or gross negligence of the Borrower (and which the Borrower could not reasonably have avoided or mitigated), in which case the Development Default Date shall be extended by the number of days equal to the duration of such Uncontrollable Force.

“**Development Default Date**” means the date set forth for such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*), unless a later date is otherwise agreed to by the WIFIA Lender in its sole discretion.

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

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

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

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

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

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

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

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

**“EMMA”** means the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board, and its successors.

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

**“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 Water/Wastewater System to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including through a casualty, a failure of title, or any loss of such property through eminent domain.

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

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

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

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

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

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

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

**“Financial Statements”** has the meaning provided in Section 12(q) (*Financial Statements*).

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

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

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

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

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

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

**“Holders of Parity Water/Wastewater Obligations”** means (i) with respect to the WIFIA Bond, the WIFIA Lender (and any subsequent holder of the WIFIA Bond) and (ii) with respect to any other Parity Water/Wastewater Obligations, the registered owner of such Parity Water/Wastewater Obligations.

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

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

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

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

“**Interest Only Period**” means, if applicable as set forth in the WIFIA Loan Amortization Schedule, the period commencing from (and including) the Debt Service Payment Commencement Date and ending on the first Principal Payment Date (or on such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in cash), or, if the WIFIA Loan Amortization Schedule does not specify such a period, no interest only period shall be applicable with respect to the WIFIA Loan hereunder.

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

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

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

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

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

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

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

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

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

**“Nationally Recognized Rating Agency”** means any nationally recognized statistical rating organization registered with, and identified as such by, the Securities and Exchange Commission, pursuant to 15 U.S.C. § 78o-7.

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

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

**“Net Revenues”** with respect to any period of time means the Gross Revenues for such period less Operating Expenses incurred during such period.

**“Obligations”** means debt of the Borrower that is secured by a pledge and lien on all or a portion of the Gross Revenues or the Pledged Collateral, including the WIFIA Loan, all other Parity Water/Wastewater Obligations and the Subordinated Debt.

**“Operating Expenses”** has the meaning ascribed to such term in **Annex A (Rate Covenant) to Schedule I** (*WIFIA Loan Specific Terms*).

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

**“Ordinance Documents”** means the Master Ordinance, each Supplemental Ordinance (including the WIFIA Supplemental Ordinance), and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

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

**“Other Financing Documents”** means any agreement, instrument, or document (excluding the Ordinance Documents and the WIFIA Loan Documents) entered into between the Borrower and a holder of Obligations (or a trustee or similar Person on behalf of any such holder) providing for the issuance of Obligations or otherwise governing any terms or conditions relating to Obligations.

**“Outstanding”** means (a) with respect to Parity Water/Wastewater Obligations other than the WIFIA Loan, Parity Water/Wastewater Obligations that have not been cancelled or legally defeased or discharged within the meaning of the Master Ordinance, (b) with respect to Subordinated Debt, Subordinated Debt that has not been cancelled or legally defeased or discharged within the meaning of the instrument evidencing or authorizing such Subordinated Debt, and (c) with respect to the WIFIA Loan, the (i) entire amount available to be drawn under this Agreement (including amounts drawn, amounts that remain available to be drawn and, if applicable, any capitalized interest added or projected to be added to the principal amount of the WIFIA Loan in accordance with the terms hereof), 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 Loan Balance that has been repaid or prepaid.

**“Parity Water/Wastewater Obligations”** means all Obligations which may be issued or assumed in accordance with the terms of the Master Ordinance and a Supplemental Ordinance and secured by a senior Lien on and pledge of the Pledged Collateral, including the WIFIA Bond.

**“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.

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

**“Paying Agent/Registrar Agreement”** has the meaning ascribed to such term in **Part A of Schedule I (WIFIA Loan Specific Terms)**.

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

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

**“Payment Default”** has the meaning provided in Section 17(a)(i) (*Payment Default*).

**“Permitted Debt”** means:

- (a) Existing Indebtedness;
- (b) the WIFIA Loan;
- (c) Additional Parity Water/Wastewater Obligations that satisfy the requirements of Section 15(a) (*Indebtedness*) and the Master Ordinance;

(d) Additional Subordinated Debt that satisfies the requirements of Section 15(a) (*Indebtedness*) and the Master Ordinance; and

(e) indebtedness incurred in respect of hedging transactions permitted under the Master Ordinance and the WIFIA Loan Documents.

“**Permitted Investments**” has the meaning ascribed to the term “Eligible Investments” in the Master Ordinance.

“**Permitted Liens**” means:

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

(b) Liens imposed pursuant to the Ordinance Documents or other Related Documents in respect of Permitted Debt;

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

(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) (*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 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)(viii) (*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 Borrower.

“**Person**” means and includes an individual, a general or limited partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and any Governmental Authority, including in each case such Person’s successors and permitted assigns.

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

“**Previously Issued Separate Lien Obligations**” has the meaning ascribed to such term in the Master Ordinance.

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

“**Prior First Lien Obligations**” has the meaning ascribed to such term in the Master Ordinance.

“**Prior Subordinate Lien Obligations**” has the meaning ascribed to such term in the Master Ordinance.

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

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

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

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

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

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

“**Related Documents**” means the WIFIA Loan Documents, the Ordinance Documents and the Other Financing Documents.

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

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

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

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

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

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

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

“**State Attorney General**” means the individual who is duly serving as the attorney general of the State as of the Effective Date.

“**Subordinated Debt**” means any Obligation that is fully subordinated to the Parity Water/Wastewater Obligations, including the WIFIA Bond, in priority of payment (as to both principal and interest), voting and priority of security interest in the Pledged Collateral, including with respect to payment from revenues and reserves and payment upon default or acceleration of any such Obligations.

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

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

“**Supplemental Ordinance**” means an ordinance, including the WIFIA Supplemental Ordinance, supplemental to, and authorized and executed pursuant to the terms of, the Master Ordinance as may be supplemented or amended from time to time as authorized by the Borrower and such Supplemental Ordinance.

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

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

“**Technical and Rate Consultant**” means a single individual or firm, or a combination of one or more individuals or firms, not related to the Borrower and considered independent with respect to the Borrower (i.e. not an employee of the Borrower or any affiliate of the Borrower) 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 Water/Wastewater System and delivering the services provided by the Water/Wastewater System, and establishing rates and charges for governmental water or wastewater systems similar in size and scope to the Water/Wastewater System, selected by the Borrower and reasonably acceptable to the WIFIA Lender.

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

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

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

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

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

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

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

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

**“WIFIA Bond”** has, if applicable, the meaning ascribed to such term in **Part E of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as “Not Applicable” in **Schedule I**, means a bond as evidence of the Borrower’s obligation shall not be applicable with respect to the WIFIA Loan hereunder.

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

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

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

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

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

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

“**WIFIA Lender**” has the meaning 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 Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed the Maximum Principal Amount, to be used in respect of Eligible Project Costs.

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

“**WIFIA Loan Balance**” means (a) the aggregate principal amount of the WIFIA Loan disbursed by the WIFIA Lender to the Borrower hereunder, *plus* (b) if applicable, capitalized interest added to the principal balance of the WIFIA Loan pursuant to Section 8(a)(iii) (*Payment of WIFIA Debt Service*), *minus* (c) the aggregate principal amount of the WIFIA Loan repaid or

prepaid by the Borrower, as reflected from time to time in the WIFIA Loan Amortization Schedule in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).

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

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Bond, the Master Ordinance and the WIFIA Supplemental Ordinance.

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

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

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

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

(b) Words of any gender shall be deemed and construed to include correlative words of any other gender.

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

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

(e) Whenever the Borrower’s knowledge is implicated in this Agreement or the phrase “to the Borrower’s knowledge” or a similar phrase is used in this Agreement, the Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of the Borrower’s knowledge after reasonable and diligent inquiry.

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

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

(i) Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time to time in accordance with the terms thereof and hereof.

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

(k) 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. Whenever there is a prepayment of the WIFIA Loan, it is intended that such prepayment be implemented through a prepayment of the WIFIA Bond.

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

## ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The total amount of Disbursements shall not, in the aggregate, exceed the Maximum Principal Amount. The Maximum Principal Amount, plus the total amount of capitalized interest added to the principal balance of the WIFIA Loan pursuant to Section 8(a)(iii) (Payment of WIFIA Debt Service), shall not, in the aggregate, exceed \$[1,000,000,000].

Section 4. Disbursement Conditions.

(a) WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the Project, including, for the avoidance of doubt, Eligible Project Costs that were initially funded with Interim Financing proceeds.

(i) Initial Disbursement. The WIFIA Lender will make an initial disbursement of the WIFIA Loan to the Borrower in an amount equal to [\_\_\_\_\_] Dollars and [\_\_\_\_\_] cents (\$[\_\_\_\_\_.\_\_\_\_]) within five (5) Business Days after the Effective Date (or as soon thereafter as is possible in the event

that the WIFIA Lender is prevented from making such disbursement within the time period described above for reasons beyond its control), subject to the following terms and conditions: (A) the Borrower shall have delivered a completed and executed Requisition dated the Effective Date in accordance with the requirements of **Schedule IV** (*Requisition Procedures*) and Section 11(b) (*Conditions Precedent to Disbursements*), together with Eligible Project Costs Documentation for the Eligible Project Costs to be reimbursed, to the WIFIA Lender no later than three (3) Business Days prior to the Effective Date and the WIFIA Lender shall have accepted and approved such Requisition, provided that the timing requirements for Requisitions set forth in **Schedule IV** (*Requisition Procedures*) shall not apply to this initial disbursement; (B) 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 date of the Application; and (C) other than the conditions precedent in Section 11(b) (*Conditions Precedent to Disbursements*) that are expressly addressed in the initial Requisition, no other conditions precedent set forth in Section 11(b) (*Conditions Precedent to Disbursements*) shall apply to such initial disbursement.

(ii) Subsequent Disbursements. For each disbursement other than the disbursement contemplated in Section 4(a)(i) (*Disbursement Conditions-Initial Disbursement*), each Disbursement of the WIFIA Loan shall be made pursuant to the procedures of **Schedule IV** (*Requisition Procedures*) and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent to Disbursements*); provided, that no Disbursements shall be made after the Final Disbursement Date.

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

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

Section 6. Interest Rate. The Borrower shall pay interest on the WIFIA Loan Balance at the WIFIA Interest Rate; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the WIFIA Loan Balance at the Default Rate, (a) in the case of any

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

Section 7. Security and Priority; Flow of Funds.

(a) As security for the WIFIA Loan, and in connection with the issuance and delivery of this Agreement, the Borrower shall pledge, assign and grant to the WIFIA Lender for its benefit, Liens on the Pledged Collateral in accordance with the provisions of the Ordinance Documents. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, as the registered owner, on or prior to the Effective Date, the WIFIA Bond. The WIFIA Bond shall be issued pursuant to the Master Ordinance and the WIFIA Supplemental Ordinance and shall be a Parity Water/Wastewater Obligation under the Master Ordinance and all other WIFIA Loan Documents, entitled to all of the benefits of a Parity Water/Wastewater Obligation under the Master Ordinance and all other WIFIA Loan Documents. The WIFIA Bond shall be secured by a Lien on the Pledged Collateral on a parity with the other Parity Water/Wastewater Obligations and senior to all Subordinated Debt. A WIFIA Debt Service Reserve Account will not be required as security for the WIFIA Bond. Payment of the purchase price of the WIFIA Bond will be through disbursements to be made by the WIFIA Lender to the Borrower pursuant to the terms of this Agreement.

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

Section 8. Repayments.

(a) Payment of WIFIA Debt Service.

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

Business Day following such date. WIFIA Loan proceeds borrowed and repaid may not be re-borrowed.

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

(iii) If a Capitalized Interest Period is applicable as set forth in the WIFIA Loan Amortization Schedule, then during the Capitalized Interest Period, no payment of principal or interest on the WIFIA Loan will be required to be made. On each Capitalized Interest Date, interest accrued and not paid on the WIFIA Loan during the six (6) month period ending immediately prior to such date (or such shorter period if the Capitalized Interest Period ends earlier) shall be capitalized and added to the WIFIA Loan Balance subject to any limitations set forth in Section 3 (*WIFIA Loan Amount*), as set forth in the WIFIA Loan Amortization Schedule. Within thirty (30) days after the end of the Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the WIFIA Loan Balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred and that the WIFIA Lender has elected to end the Capitalized Interest Period, in which case interest shall no longer be capitalized, payments of interest shall be due and payable beginning on the next Interest Payment Date and payments of principal shall be due and payable beginning on the next Principal Payment Date, in each case in accordance with the terms hereof.

(iv) If an Interest Only Period is applicable as set forth in the WIFIA Loan Amortization Schedule, then during the Interest Only Period, the WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then due and payable on the WIFIA Loan Balance, and no payment of principal of the WIFIA Loan will be due and payable during the Interest Only Period.

(v) Any defeasance of the WIFIA Loan in accordance with Section 11 (*Final Deposits; Government Obligations*) of the Master Ordinance and applicable law shall not be deemed a repayment or prepayment of the WIFIA Loan in full, and the Borrower shall comply with all of its obligations hereunder and under the other WIFIA Loan Documents (other than with respect to payments of WIFIA Debt Service, which payments shall continue to be made in accordance with the WIFIA Loan Amortization Schedule by the succeeding entity assuming the Borrower's payment obligations), unless otherwise agreed by the WIFIA Lender, until the irrevocable payment in full in immediately available funds of the WIFIA Loan Balance, together with all accrued interest, fees and expenses with respect thereto.

(b) Manner of Payment. Payments under this Agreement (and the WIFIA Bond, which payments shall not be duplicative) shall be made in Dollars and in immediately

available funds (without counterclaim, offset or deduction) in accordance with the payment instructions provided by the WIFIA Lender prior to the relevant payment, as may be modified in writing from time to time by the WIFIA Lender; provided, that the failure to provide updated payment instructions shall not affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(c) Adjustments to WIFIA Loan Amortization Schedule.

(i) The WIFIA Lender may, from time to time, modify the WIFIA Loan Amortization Schedule included in **Schedule VI** (*WIFIA Loan Amortization Schedule*) to reflect (A) any change to the WIFIA Loan Balance, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower hereunder in accordance with this Agreement, (C) any mathematical corrections as the WIFIA Lender may determine are necessary, and (D) with the consent of the Borrower (not to be unreasonably withheld), such other information as the WIFIA Lender may determine is necessary for administering the WIFIA Loan and this Agreement, if and so long as such revised WIFIA Loan Amortization Schedule shall comply with the requirements of Section 3 (*WIFIA Loan Amount*). Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to the WIFIA Loan Amortization Schedule as a result of a decrease in the WIFIA Loan Balance shall be applied to reduce future payments due on the WIFIA Loan in inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(b) (*General Prepayment Instructions*). If the WIFIA Loan Amortization Schedule is modified pursuant to this Section 8(c), the WIFIA Lender shall provide the Borrower [and the Paying Agent/Registrar] with a copy of such revised WIFIA Loan Amortization Schedule, but no failure to provide or delay in providing the Borrower [or the Paying Agent/Registrar] with such copy shall affect any of the obligations of the Borrower under this Agreement or any of the other WIFIA Loan Documents. The WIFIA Lender may also, from time to time or when so requested by the Borrower, advise the Borrower [and the Paying Agent/Registrar] by written notice of the amount of the WIFIA Loan Balance as of the date of such notice. Absent manifest error, the WIFIA Lender's determination of the WIFIA Loan Balance and all matters as set forth on the WIFIA Loan Amortization Schedule shall be deemed conclusive evidence thereof; provided, that neither the failure to make any such determination, modification, or recordation nor any error in such determination, modification, or recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(ii) The Borrower shall have the right to propose adjustments to the WIFIA Loan Amortization Schedule exercisable once on or prior to the date that is one hundred twenty (120) days preceding the first Principal Payment Date, such adjustments to be submitted by the Borrower to the WIFIA Lender in the form of an updated **Schedule VI** (*WIFIA Loan Amortization Schedule*), together with (A) an explanation setting out the reason for such proposed adjustments (such as material unforeseen changes to the Project schedule, costs, or the Borrower's funding strategy), and (B) an updated rating affirmation or current public rating from a Nationally Recognized Rating Agency on the WIFIA Loan (or other Parity Water/Wastewater Obligations, as the WIFIA Lender may agree) demonstrating the Borrower's continued creditworthiness; provided that (x) the form of

and any adjustment to the WIFIA Loan Amortization Schedule, together with the Borrower's explanation and the rating affirmation, shall be acceptable to the WIFIA Lender, (y) the weighted average life of the WIFIA Loan shall not exceed [\_\_\_\_\_] ([\_\_]) years<sup>2</sup> measured as of the initial Disbursement date and (z) the WIFIA Loan Amortization Schedule shall comply with all applicable requirements under this Agreement and law, including, without limitation, the requirement of Section 3 (*WIFIA Loan Amount*). Such revised WIFIA Loan Amortization Schedule shall become effective upon the approval by the WIFIA Lender in its sole discretion.

Section 9. Prepayment.

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

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

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<sup>2</sup> **Note to Borrower:** WIFIA Lender will provide.

amount of the WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in Section 6 (*Interest Rate*).

Section 10. Fees and Expenses.

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

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

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

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

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

(c) Expenses. The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt by the Borrower of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce, or the monitoring, protection or preservation of any right or claim under, the

Liens on the Pledged 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, re-execution, waiver, or consent with respect to this Agreement or any other WIFIA Loan Document; and (iii) any work-out, restructuring, or similar arrangement of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default.

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

### ARTICLE III CONDITIONS PRECEDENT

#### Section 11. Conditions Precedent.

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

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

(ii) The Borrower shall have delivered to the WIFIA Lender complete and fully executed copies of (A) the Master Ordinance, together with any amendments, supplements, waivers or modifications thereto (but excluding any document that solely provides for the issuance or incurrence of Additional Obligations, hedging Obligations or Interim Financing) and (B) any Related Document with respect to which all or a portion of the proceeds are or will be applied to fund all or any portion of Total Project Costs, in each case that has been entered into on or prior to the Effective Date, along with a certification in the Closing Certificate that each such document is complete, fully executed and in full force and effect, and that all conditions contained in the Related Documents that are necessary to the closing of the WIFIA transaction contemplated hereby (if any) have been fulfilled.

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

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

satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-2** (*Form of Opinion from Bond Counsel to Borrower*)).

(v) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit B** (*Form of Closing Certificate*) (the "**Closing Certificate**"), designating the Borrower's Authorized Representative, confirming such person's position and incumbency, and certifying as to the satisfaction of the certain conditions precedent (and, if requested by the WIFIA Lender, has provided evidence satisfactory to the WIFIA Lender of such satisfaction), including the following:

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

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

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

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

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

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

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

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

(viii) The Borrower shall have delivered to the WIFIA Lender the opinion of the State Attorney General approving the WIFIA Bond and the proceedings authorizing this Agreement.

(ix) The Borrower shall have paid in full all invoices delivered by the WIFIA Lender to the Borrower as of the Effective Date for any applicable Servicing Fees and the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(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 the WIFIA Loan to the Borrower (except as otherwise provided in Section 4(a)(i) (*Disbursement Conditions-Initial Disbursement*) with respect to the initial disbursement) until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

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

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

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

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

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

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

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

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

(H) the amount being requested for Disbursement is with respect to Eligible Project Costs for which all or a portion of the Eligible Project Costs Documentation was previously submitted to and approved by the WIFIA Lender in accordance with **Schedule IV** (*Requisition Procedures*) and **Schedule V** (*Reporting Requirements*) of the WIFIA Loan Agreement, and/or the Borrower has set out in the Requisition (or attached separately to the Requisition) a summary of any Eligible Project Costs that have not otherwise been previously submitted to the WIFIA Lender for approval, together with supporting Eligible Project Costs Documentation.

(ii) If applicable, to the extent necessary to make the representations and warranties in Section 12(f) (*Litigation*) and 12(j)(iii) (*Compliance with Laws*) true, correct and complete as of the date of the applicable Disbursement, the Borrower shall have delivered an updated **Schedule III** (*Borrower Disclosures*) in form and substance acceptable to the WIFIA Lender.

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

## ARTICLE IV REPRESENTATIONS AND WARRANTIES

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

(a) Organization; Power and Authority. The Borrower is a Legal Entity duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the WIFIA Loan Documents then in existence, to execute and deliver this Agreement and the 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 other WIFIA Loan Documents. Other than such Organizational Documents, the WIFIA Supplemental Ordinance, the approving opinion of the State Attorney General and the registration certificate of the Comptroller of Public Accounts of the State, there are no additional instruments or documents necessary for the Borrower to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

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

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

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

imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, other than Permitted Liens.

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

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

(g) Security Interests.

(i) The Ordinance Documents and Chapters 1208 and 1502, Texas Government Code, as amended to the date hereof, establish, and the Borrower has taken all necessary action to pledge, assign, and grant, in each case in favor 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 Ordinance Documents, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the security interests created in the Pledged Collateral have been duly perfected under applicable State law, including Chapter 1208, Texas Government Code, as amended. Such Liens are in full force and effect, are not subordinate or junior to any other Liens in respect of the Pledged Collateral and are not *pari passu* with any Liens other than the Liens on the Pledged Collateral in favor of the other Parity Water/Wastewater Obligations. No Prior First Lien Obligations, Prior Subordinate Lien Obligations or Previously Issued Separate Lien Obligations are Outstanding. All Outstanding Obligations are Parity Water/Wastewater Obligations or obligations subordinate to the Parity Water/Wastewater Obligations then Outstanding, and payable only from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and the revenues deposited to the credit of the accounts and funds established and maintained in the ordinances providing for their issuance, including the Master Ordinance with respect to Parity Water/Wastewater Obligations and any Supplemental Ordinance. The Borrower is not in breach of any covenant set forth in Section 14(b) (*Securing Liens*) or in the

Ordinance Documents with respect to the matters described in Section 14(b) (*Securing Liens*). As of the Effective Date and as of each other date this representation and warranty is made, (A) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and, if applicable, perfected, Lien on the Pledged Collateral in favor of the Holders of Parity Water/Wastewater Obligations to secure the Parity Water/Wastewater Obligations to the extent contemplated by the Ordinance Documents, and (B) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any Ordinance Documents or any instruments, certificates or financing statements in connection with the foregoing, have been paid. As provided by Chapter 1208, Texas Government Code, as amended, neither the attachment, perfection, validity, enforceability nor priority of the security interest in the Pledged Collateral granted pursuant to the Ordinance Documents is governed by Article 9 of the UCC.

(ii) All Parity Water/Wastewater Obligations and the interest thereon constitute special obligations of the Borrower payable from the Pledged Collateral and the owners of Parity Water/Wastewater Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than those specified in the Master Ordinance or any Supplemental Ordinance. The obligation of the Borrower to pay or cause to be paid the amounts payable under the Master Ordinance and each Supplemental Ordinance out of the Pledged Collateral is absolute, irrevocable, complete, and unconditional, and the amount, manner, and time of payment of such amounts shall not be decreased, abated, rebated, setoff, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any right of setoff, recoupment, or counterclaim that the Borrower might otherwise have against any owner or any other party and regardless of any contingency, force majeure, event, or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place before, during, or after the issuance of Parity Water/Wastewater Obligations while any Parity Water/Wastewater Obligation is Outstanding.

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

(i) No Lobbying. Pursuant to 31 U.S.C. § 1352, to the best of the Borrower's knowledge and belief, (A) no Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the U.S. Congress, in connection with the making of the WIFIA Loan, execution (including amendments

or modifications) of the WIFIA Loan Documents, or any other federal action under 31 U.S.C. § 1352(a)(2); and (B) if any funds other than Federal appropriated funds have been paid or will be paid to any Person for influencing or attempting to influence an officer or employee of any agency, a member (or employee of a member), officer, or employee of the U.S. Congress in connection with the WIFIA Loan, the Borrower has completed and submitted to the WIFIA Lender Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(j) Compliance with Laws.

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

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

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

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

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

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

(n) Information. The information furnished by, or on behalf of, the Borrower to the WIFIA Lender, when taken as a whole, is true and correct in all material respects (other than for projections and other forward-looking statements contained in the Base Case Financial Model and any Updated Financial Model/Plan which have been made in good faith and based on

reasonable assumptions) and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading as of the date made or furnished.

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

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

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

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

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

(t) Sufficient Funds. The amount of the WIFIA Loan, when combined with all other funds committed for the development and construction of the Project as set forth under the various sources of funds in the Project Budget, will be sufficient to carry out the Project, pay all Total Project Costs anticipated for the development and construction of the Project and achieve Substantial Completion by the Projected Substantial Completion Date. The total federal assistance provided to the Project, including the Maximum Principal Amount, does not exceed eighty percent (80%) of Total Project Costs. The Updated Financial Model/Plan most recently delivered to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) demonstrates that the projected Gross Revenues are sufficient to meet the WIFIA Loan Amortization Schedule. The

Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing the Project over the useful life of the Project.

(u) Sovereign Immunity. To the extent authorized by Texas Government Code Section 1371.059(c), the Borrower has, in the WIFIA Supplemental Ordinance, waived sovereign immunity from suit and liability for the purposes of adjudicating a claim to enforce the WIFIA Bond which evidences amounts due under this Agreement or for damages for breach thereof.

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

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

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

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

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

## ARTICLE V COVENANTS

Section 14. Affirmative Covenants. The Borrower covenants and agrees as follows until, subject to such longer periods as are provided for under Section 14(o) (*Access; Records*) with respect to the Borrower's obligations thereunder, the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant.

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

(ii) If:

(A) the forecast furnished by the Borrower in the most recent Updated Financial Model/Plan delivered by the Borrower pursuant to **Part A of Schedule V (Reporting Requirements)** demonstrates that projected Net Revenues may be inadequate to satisfy the Rate Covenant for any Borrower Fiscal Year during the Forecast Period, the Borrower shall propose a remedial course of action, which plan shall demonstrate to the WIFIA Lender's satisfaction that such plan will generate an equivalent or greater increase to the Net Revenues so as to satisfy the Rate Covenant; and/or

(B) the Borrower fails to satisfy the Rate Covenant for the most recently ended Borrower Fiscal Year, the Borrower shall (x) within thirty (30) days after request by the WIFIA Lender, engage the Technical and Rate Consultant to review and analyze the operations of the Water/Wastewater System and recommend actions regarding revising the rates or changing the methods of operations, or any other actions to increase the Net Revenues so as to satisfy the Rate Covenant, (y) 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 (z) either, within sixty (60) days following the issuance of the Technical and Rate Consultant's report, (1) implement the Technical and Rate Consultant's recommendations 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 Revenues so as to satisfy the Rate Covenant.

(b) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Pledged 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 the Borrower may become bound to grant. The Borrower shall at all times maintain the Pledged Collateral free and clear of any Lien that has priority over, or equal rank with, the Liens created by the Ordinance Documents, other than Permitted Liens, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Pledged 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 Borrower shall use the proceeds of the WIFIA Loan solely for purposes permitted by applicable law, this Agreement and the other WIFIA Loan Documents.

(d) Prosecution of Work; Verification Requirements.

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

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

(e) Operations and Maintenance. The Borrower shall operate and maintain the Water/Wastewater System (including the Project) substantially in accordance with the Updated Financial Model/Plan most recently delivered by the Borrower to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) and its operations and maintenance plan (that incorporates the Project). The Borrower shall operate and maintain the Water/Wastewater System (including the Project) in accordance with Section 5(c) (*Operation and Maintenance*) of the Master Ordinance.

(f) Insurance.

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

(ii) The Borrower shall cause all liability insurance policies that it maintains (excluding property damage, automobile or workers' compensation insurance), to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

(g) Maintain Legal Structure. The Borrower shall maintain its existence as a Legal Entity organized and existing under its Organizational Documents and the laws of the State.

(h) System Accounts; Permitted Investments.

(i) The Borrower shall maintain the System Accounts in accordance with the terms hereof and the Master Ordinance. All Gross Revenues received shall be deposited into the System Fund in accordance with Section 6 (*System Fund*) of the Master Ordinance. The Borrower shall not apply any portion of the Gross Revenues or Pledged Collateral in contravention of this Agreement or the Ordinance Documents. Any funds then on deposit in the WIFIA Debt Service Account (if applicable) shall only be used for

payments of WIFIA Debt Service by the Borrower (or, if applicable, the Paying Agent/Registrar as directed by the Borrower) in accordance with the WIFIA Loan Documents.

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

(iii) Amounts on deposit in the System Accounts 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.

(i) Compliance with Laws.

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

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

(j) Material Obligations. The Borrower shall pay its material obligations payable from the Gross Revenues promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Pledged Collateral or other assets of the Water/Wastewater System, before the same shall become delinquent or in default, as well as all lawful and material claims for labor, materials and supplies or other claims which, if unpaid, might give rise to a Lien upon the Water/Wastewater System or any part thereof or on the Gross Revenues or the Pledged 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 the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside

adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

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

(l) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to the Water/Wastewater System (including the Project) or any part thereof, the Borrower 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 Loss Proceeds (after excluding any proceeds of delay-in-start-up insurance and proceeds covering liability of the Borrower to third parties) in respect of such Event of Loss in accordance with Section 5(j) (*Insurance*) of the Master Ordinance.

(m) Immunity. The WIFIA Bond sets forth the Borrower's agreement in the WIFIA Supplemental Ordinance, to the fullest extent permitted by applicable law and pursuant to Section 1371.059(c) of the Texas Government Code, as amended, with respect to its obligations arising under the WIFIA Bond, to waive sovereign immunity from suit and liability for the purpose of adjudicating a claim to enforce its duties and obligations under the WIFIA Bond or for damages for breach thereof.

(n) Accounting and Audit Procedures.

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

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

(o) Access; Records.

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

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

(p) Federal Government Funds. If at any time any portion of the Pledged Collateral shall include any grants, donations, income or other funds received or to be received from the Federal Government, the Borrower shall cause such Federal Government funds to be applied to the non-Federal Government Obligations for which they are intended before applying any other Pledged Collateral to the payment of such Obligations.

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

(a) Indebtedness.

(i) Program Requirements. The Borrower may not create, incur or suffer to exist (A) any Obligations (1) the payments with respect to which are senior or prior in right to the payment by the Borrower of the WIFIA Bond and the other Parity Water/Wastewater Obligations or (2) secured by a Lien on any of the Pledged Collateral that is senior to the Lien on the Pledged Collateral in favor of the WIFIA Lender or (B) any indebtedness, all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that (1) are secured by a Lien on (x) any assets or property of the Borrower other than the Pledged Collateral, which may include Pledged Collateral remaining after the payment of the Parity Water/Wastewater Obligations, or (y) any reserve funds except to the extent permitted by clause (2) below, or (2) other than Texas Water Development Board loans, are additionally secured by a Lien on any reserve fund unless the WIFIA Bond is also secured by either such reserve fund or a separate reserve fund solely for the benefit of the holder of the WIFIA Bond.

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

(b) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish the Rate Covenant; (ii) extinguish or impair the Liens on the Pledged Collateral or any dedicated source of repayment of the WIFIA Loan or any other Obligations (the proceeds of which are applied to fund Total Project Costs), in each case granted pursuant to the Related Documents; (iii) amend, modify, replace or supplement any Related Document or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Material Adverse Effect; or (iv) terminate, assign or replace any Related Document in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect.

(c) No Prohibited Liens. Except for Permitted Liens, the Borrower shall not create, incur, assume or permit to exist any Lien on the Project, the Pledged Collateral, the Gross Revenues, or the Borrower's respective rights in any of the foregoing and the Pledged Collateral will be free and clear of any Lien that is of equal rank with or senior to the pledge of the Borrower created under the Ordinance Documents for the benefit of the WIFIA Lender.

(d) Restricted Payments and Transfers. The Borrower shall not permit Gross Revenues or other assets of the Water/Wastewater System, or any funds in any System Accounts or in any other fund or account held by or on behalf of the Borrower with respect to the Water/Wastewater System or the Pledged Collateral, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the Water/Wastewater System or as otherwise permitted in accordance with the Master Ordinance.

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

by the Borrower in the ordinary course of business or is otherwise permitted in accordance with Section 5(h) (*Sale, Lease or Disposal of System Property*) of the Master Ordinance.

(f) Mergers and Acquisitions. The Borrower shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is permitted by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Gross Revenues or elements of the Pledged Collateral or (B) the availability of the Gross Revenues for the payment and security of the obligations of the Borrower under this Agreement; and (ii) the Borrower provides to the WIFIA Lender notice of such reorganization, consolidation or merger in accordance with **Part E of Schedule V** (*Reporting Requirements*) and such other information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

(g) Hedging. Other than interest rate hedging transactions permitted under the Master Ordinance, the Borrower shall not enter into any swap or hedging transaction, including any such transaction that is speculative or creates extraordinary leverage or risk, without the prior written consent of the WIFIA Lender.

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

## ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 17. Events of Default and Remedies.

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

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

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

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

(iv) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document 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 Ordinance 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 Pledged Collateral other than as a result of actions or a failure to act by, and within the control of, the WIFIA Lender, and with the priority purported to be created thereby; or (C) any event occurs that results in the impairment in the validity, enforceability, perfection or priority of the WIFIA Lender's security interest in the Pledged Collateral.

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

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

issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

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

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

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

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

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

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

(ii) the WIFIA Lender may cease permitting interest on the WIFIA Loan to be capitalized (if applicable);

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

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

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

WIFIA Bond or the other WIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the WIFIA Bond or the other WIFIA Loan Documents; provided, however, that the WIFIA Lender shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than those specified in the Master Ordinance or the WIFIA Supplemental Ordinance.

(d) If a right of acceleration is or has been granted for the benefit of any holder of Obligations and such Obligations have been accelerated, then the WIFIA Lender shall have the right to declare the unpaid principal amount of the WIFIA Bond to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the WIFIA Bond or the other WIFIA Loan Documents, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(e) No action taken pursuant to this Section 17 shall (i) relieve the Borrower from its obligations pursuant to this Agreement, the WIFIA Bond or the other WIFIA Loan Documents, all of which shall survive any such action or (ii) limit the WIFIA Lender's rights under the Ordinance Documents or applicable law.

## ARTICLE VII MISCELLANEOUS

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

Section 19. No Personal Recourse. No official, employee or agent of the WIFIA Lender or the Borrower or any individual 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 Borrower, the Federal Government, or the WIFIA Lender, solely by virtue of the WIFIA Loan, and that no third-party creditor of the Borrower shall have any right against the WIFIA Lender with respect to the WIFIA Loan made pursuant to this Agreement.

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

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

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

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

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

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

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

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

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

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

Section 31. Notices.

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

(b) Notices to the WIFIA Lender should be made by (i) email to the email address noted below for the WIFIA Lender or (ii) submission through another electronic medium or transmission system as designated by the WIFIA Lender in accordance with this Section, unless otherwise instructed by the WIFIA Lender:

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

(c) Notices to the Borrower should be made by (i) nationally recognized courier service, (ii) hand delivery, (iii) email, to the email address noted below for the Borrower, or (iv) another electronic medium designated by the Borrower in accordance with this Section, unless otherwise instructed by the Borrower's Authorized Representative:

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

(d) Notices to the Paying Agent/Registrar should be made by (i) nationally recognized courier service, (ii) hand delivery, (iii) email, to the email address noted below for the Paying Agent/Registrar, or (iv) another electronic medium designated by the Paying

Agent/Registrar in accordance with this Section, unless otherwise instructed by an authorized representative of the Paying Agent/Registrar:

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

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

theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any Construction Contract, or any Related Document, the other transactions contemplated hereby and thereby, the WIFIA Loan or the use of the proceeds thereof, provided, that nothing in this sentence shall limit the Borrower's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee under this Section 32 shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section 32 shall survive the payment or prepayment in full or transfer of the WIFIA Loan, the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 32) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder or thereunder.

Section 33. Sale of WIFIA Loan. The WIFIA Lender shall not sell the WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date and (b) other than with respect to a sale or transfer to another governmental entity within the Federal Government, the Final Disbursement Date. After such date, the WIFIA Lender may sell the WIFIA Loan to another entity or reoffer the WIFIA Loan into the capital markets only in accordance with the provisions of this Section 33. Such sale or reoffering shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale or reoffering the WIFIA Lender shall not change the terms and conditions of the WIFIA Loan without the prior written consent of the Borrower in accordance with Section 24 (*Amendments, Waivers and Termination*). Prior to any sale or reoffering of the WIFIA Loan, the WIFIA Lender shall provide reasonable written notice to the Borrower of the WIFIA Lender's intention to consummate such a sale or reoffering. The provision of any notice pursuant to this Section 33 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide the Borrower with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell the WIFIA Loan.

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

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

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

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

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

DRAFT

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 AUSTIN, TEXAS,**  
by its authorized representative

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

DRAFT

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

By: \_\_\_\_\_  
Name: Lee M. Zeldin  
Title: Administrator

DRAFT

**SCHEDULE I**

**WIFIA LOAN SPECIFIC TERMS**

No.	Item	WIFIA Loan Specific Term
<b><i>PART A. Key Borrower Metrics</i></b>		
1.	Effective Date	[ _____ ], 2026.
2.	Borrower	City of Austin, Texas, a Legal Entity duly organized and existing under the laws of the State.
3.	Legal Entity	A home-rule city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Constitution of the State of Texas.
4.	State	State of Texas.
5.	Borrower FEIN	74-600085
6.	Borrower UEI	[ _____ ]. <sup>1</sup>
7.	Initial Borrower Fiscal Year	The fiscal year of the Borrower commencing on October 1 of any given calendar year and ending on September 30 of the immediately succeeding calendar year.
8.	Application Receipt Date	August 26, 2025.
9.	WIFIA CUSIP Number	[ _____ ], as the CUSIP number for the WIFIA Bond for purposes of monitoring through EMMA.
10.	Water/Wastewater System	“Water/Wastewater System,” as defined in the Master Ordinance, means all properties, facilities and plants currently owned, operated and maintained by the Borrower for the supply, treatment and transmission of water and the collection, treatment and disposal or reuse/reclaim of wastewater, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term Water/Wastewater System shall not include facilities of any kind which are declared not to be a part of the Water/Wastewater System and which are acquired or constructed by or on behalf of the Borrower with the proceeds from the issuance of “Special Facilities Debt”, which term is defined as being special revenue obligations of the Borrower not secured

<sup>1</sup> **Note to Borrower:** Please provide the UEI for the City (if different from the UEI for the Water Department).

No.	Item	WIFIA Loan Specific Term
		by or payable from the Net Revenues but which are secured by and payable solely from special contract revenues, or payments received from the Borrower or any other legal entity, or any combination thereof, in connection with such facilities.
11.	Gross Revenues	“Gross Revenues,” as defined in the Master Ordinance, means all revenues, income, and receipts derived or received by the Borrower from the operation and ownership of the Water/Wastewater System, including interest income and earnings from the investment or deposit of money in any Fund (as defined in the Master Ordinance) created by the Master Ordinance or a Supplemental Ordinance or maintained by the Borrower in connection with the Water/Wastewater System, other than those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code. The term “Gross Revenues”, however, does not include refundable meter deposits, restricted gifts and grants in aid of construction or impact fees charged under authority of Chapter 395, Texas Local Government Code, which by law are restricted as to use.
12.	Paying Agent/Registrar	U.S. Bank Trust Company, National Association, organized and existing under the laws of the United States of America, and any successor thereto appointed as paying agent/registrar for the WIFIA Bond pursuant to the WIFIA Supplemental Ordinance.
13.	Paying Agent/Registrar Location	Houston, Texas.
14.	Paying Agent/Registrar Agreement	The Paying Agent/Registrar Agreement, dated as of [____], by and between the Borrower and U.S. Bank Trust Company, National Association, as the initial Paying Agent/Registrar.

No.	Item	WIFIA Loan Specific Term
<b><i>PART B. Key Project Metrics</i></b>		
15.	Project	The project is the Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project, located at the Project Location, and consists of the planning, design, and construction of expansions and enhancements to the Walnut Creek Wastewater Treatment Plant, including water quality and capacity upgrades, related system upgrades, and civil improvements.
16.	Project Location	City of Austin, Texas.
17.	Projected Substantial Completion Date	May 23, 2031, as such date may be adjusted in accordance with <b>Part C of Schedule V</b> ( <i>Reporting Requirements</i> ).
18.	Development Default Date	May 23, 2033.
19.	NEPA Determination	Finding of No Significant Impact for the Project issued by EPA on February 17, 2026 in accordance with NEPA.
20.	Reserved	Not Applicable.
<b><i>PART C. Key Loan Metrics</i></b>		
21.	Maximum Principal Amount	Principal amount up to \$[861,331,335] (excluding interest that is capitalized, if any, in accordance with this Agreement).
22.	WIFIA Interest Rate	[ ]% per annum.
23.	Default Rate	Interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) 200 basis points.
24.	Interest Payment Date	Each May 15 and November 15, beginning on the Debt Service Payment Commencement Date.
25.	Principal Payment Date	Each November 15, beginning on November 15, 2031 (which initial Principal Payment Date may be adjusted by a revised WIFIA Loan Amortization Schedule in accordance with Section 8(c) ( <i>Adjustments to WIFIA Loan Amortization Schedule</i> )).
26.	Final Maturity Date	The earliest of (a) November 15, 2061; (b) the date on which the maturity of the WIFIA Loan and

No.	Item	WIFIA Loan Specific Term
		corresponding WIFIA Bond have become subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof; and (c) the Principal Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.
<b>PART D. Key Security Metrics</b>		
27.	Lien priority	Senior lien on the Pledged Collateral (at parity with the Liens thereon securing the other Parity Water/Wastewater Obligations and senior to the Liens thereon securing the Subordinated Debt).
28.	Springing lien	Not Applicable.
29.	Dedicated revenue source	Net Revenues.
30.	Pledged Collateral	The WIFIA Loan (and corresponding WIFIA Bond) shall be secured by a senior Lien on and pledge of the Net Revenues and the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Master Ordinance and any Supplemental Ordinance (including the WIFIA Supplemental Ordinance).
31.	System Accounts	The System Fund, the Debt Service Fund, the Reserve Fund (as defined in the Master Ordinance), the System Surplus Revenue Account (as defined in the Master Ordinance), and all other funds, accounts and subaccounts created pursuant to the Ordinance Documents, except to the extent such other fund or account shall be pledged solely for the payment of a series of Obligations other than the WIFIA Bond in accordance with the provisions of the Master Ordinance.
32.	System Fund	The “Water and Sewer System Fund” maintained pursuant to Section 6 ( <i>System Fund</i> ) of the Master Ordinance.
33.	WIFIA Debt Service Account	Not Applicable

No.	Item	WIFIA Loan Specific Term
34.	WIFIA Debt Service Reserve Account	Not Applicable.
35.	WIFIA Debt Service Reserve Requirement	Not Applicable.
36.	Rate Covenant	The rate covenant set forth in Section 4 ( <i>Rate Covenant</i> ) of the Master Ordinance, a copy of which as of the Effective Date is attached hereto for reference as <b>Annex A</b> .
37.	Additional Debt Test	<p>The requirements and conditions set forth in Section 10 (<i>Issuance of Additional Obligations</i>) of the Master Ordinance, a copy of which as of the Effective Date is attached hereto as <b>Annex B</b>.</p> <p>In addition, no additional revenue obligations shall be issued on a parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations, as set forth in set forth in Section 3 (<i>No Additional Prior First Lien/Prior Subordinate Lien Combined Utility Systems Revenue Obligations</i>) of the Master Ordinance, a copy of which as of the Effective Date is attached hereto as <b>Annex B</b>.</p>
38.	Flow of Funds	The requirements and conditions specified in Sections 6 ( <i>System Fund</i> ), 7 ( <i>Debt Service Fund</i> ), 8 ( <i>Reserve Fund</i> ) and 9 ( <i>System Surplus Revenue Account</i> ) of the Master Ordinance and Sections 13 ( <i>Debt Service Fund</i> ) and 14 ( <i>Reserve Fund</i> ) of the WIFIA Supplemental Ordinance, a copy of which as of the Effective Date is attached hereto as <b>Annex C</b> .
39.	Debt Service Fund	The “Water/Wastewater Revenue Obligation Debt Service Fund” established pursuant to Section 7 ( <i>Debt Service Fund</i> ) of the Master Ordinance.
<b>PART E. Other Key WIFIA Loan Documents</b>		
40.	WIFIA Bond	The bond issued and delivered by the Borrower in substantially the form of <b>Exhibit A</b> ( <i>Form of WIFIA Bond</i> ).
41.	Master Ordinance	That certain Ordinance No. 0006008-56A (including Exhibit “A” ( <i>Definitions</i> ) thereto) adopted by the City Council of the Borrower on June 8, 2000, establishing the Borrower’s master water and wastewater system

No.	Item	WIFIA Loan Specific Term
		revenue financing program, as amended from time to time.
42.	WIFIA Supplemental Ordinance	That certain Ordinance No. 20260521-[____], adopted by the City Council of the Borrower on May 21, 2026, authorizing the execution, delivery and performance by the Borrower of this Agreement, the WIFIA Bond, and certain related actions by the Borrower in connection with the issuance of the WIFIA Loan.
43.	WIFIA Term Sheet	WIFIA term sheet, dated as of the Effective Date, between the Borrower and the WIFIA Lender.
44.	Reserved	Not Applicable.
<b><i>PART F. Fees</i></b>		
45.	Servicing Set-Up Fee	A servicing set-up fee equal to \$32,690.
46.	Construction Period Servicing Fee	An annual construction period servicing fee equal to \$32,690.
47.	Initial Construction Period Servicing Fee	The initial Construction Period Servicing Fee in a pro-rated amount equal to \$[5,440]. <sup>2</sup>
48.	Operating Period Servicing Fee	An annual operating period servicing fee equal to \$9,810.
<b><i>PART G. Borrower Related Notices</i></b>		
49.	Borrower notice details	City of Austin, Texas 625 E. 10th St., Suite 800 Austin, Texas [78701] Attention: Director Telephone: (512) 972-0108 Email: shay.roalson@austintexas.gov
50.	Paying Agent/Registrar notice details	U.S. Bank Trust Company, National Association 8 Greenway Plaza, Ste. 1100 Houston, TX, 77046 Attention: Zeina Moorefield, CTMC Email: Zeina.Moorefield@usbank.com

<sup>2</sup> **Note to Borrower:** This assumes a July 2026 closing.

## ANNEX A

### RATE COVENANT

Reference is made to Section 4 (*Rate Covenant*) of the Master Ordinance, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used but not defined in this Annex A shall have the respective meanings assigned to such terms in the Master Ordinance.

Section 4. **RATE COVENANT.** The City will fix, establish, maintain and collect such rates, charges and fees for water and wastewater services furnished by the Water/Wastewater System and to the extent legally permissible, revise such rates, charges and fees to produce Gross Revenues each Fiscal Year sufficient:

- (i) to pay all current Operating Expenses,
- (ii) to produce Net Revenues, after deducting amounts expended during the Fiscal Year from the Water/Wastewater System's Net Revenues for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, equal to the greater of either (x) an amount to pay the actual annual debt service due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations and Previously Issued Separate Lien Obligations or (y) an amount, when added to Other Available Water/Wastewater System Revenues, that would pay 125% of Annual Debt Service Requirements due and payable in such Fiscal Year of the then Outstanding Parity Water/Wastewater Obligations and Previously Issued Separate Lien Obligations, and
- (iii) to pay after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Water/Wastewater System reasonably anticipated to be paid from Gross Revenues.

If the Net Revenues in any Fiscal Year are less than the aggregate amount specified above the City shall promptly upon receipt of the annual audit for such Fiscal Year cause such rates and charges to be revised and adjusted to comply with this Section or obtain a written report from an Utility System Consultant after a review and study of the operations of the Water/Wastewater System has been made concluding that, in their opinion, the rates and charges then in effect for the current Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with this Section and such adjustments and revisions to water and wastewater rates and charges are promptly implemented and enacted in accordance with such Utility System Consultant's report. Notwithstanding anything herein to the contrary, the City shall be deemed to be in compliance herewith if either of the actions mentioned in the preceding sentence are undertaken and completed prior to the end of the Fiscal Year next following the Fiscal Year the deficiency in Net Revenues occurred.

“Annual Debt Service Requirements” means, for any Fiscal Year, the principal of and interest on all Parity Water/Wastewater Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand

conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

- (i) Committed Take Out. If the City has entered into a Credit Agreement with a Credit Provider to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced under the Credit Agreement for the discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased by the Credit Provider shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;
- (ii) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable by reason of any required purchase of such Funded Debt by the City) in any Fiscal Year is either (a) equal to 25%, or more, of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or (b) exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Exhibit A as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;
- (iii) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer executes a certificate to the effect that such Balloon Debt (a) may be treated as being retired in installments (and the instrument creating such Balloon Debt expressly permits such Debt to be treated as being retired in installments), or (b) paid from the funding and accumulation of a sinking fund (and the instrument creating such Balloon Debt expressly permits the funding and accumulation of a sinking fund) according to a fixed schedule stated in such certificate, then the principal of (and, in the case of retirement, or to the extent provided for the funding and accumulation of a sinking fund, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such fixed schedule, provided this clause (iii) shall apply only to Balloon Debt when installments due and payable prior to such certificate have been duly paid or all deposits to the sinking fund established for such Debt have been duly credited to the sinking fund on or before the times required by such schedule; and provided further this

clause (iii) shall not apply when the City has elected to apply the rule set forth in clause (ii) above;

- (iv) Prepaid Debt. Principal of and interest on Parity Water/Wastewater Obligations, or portions thereof, payable from capitalized interest, accrued interest and amounts deposited or set aside in trust for the payment thereof with a financial institution shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year;
- (v) Variable Rate. As to any Parity Water/Wastewater Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the City, either (a) an interest rate equal to the average rate borne by such Parity Water/Wastewater Obligations (or by comparable debt in the event that such Parity Water/Wastewater Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (b) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of 20 years, or more, published in a financial newspaper or journal with national circulation may be used for this purpose;
- (vi) Commercial Paper. Any Parity Water/Wastewater Obligations issued in the form of commercial paper shall use an interest rate for such Parity Water/Wastewater Obligations calculated in the manner provided in clause (v) of this definition and the maturity schedule shall be calculated in the manner provided in clause (ii) of this definition; and
- (vii) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement, from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (i) through (vi) above and any payments otherwise included above under (i) through (vi) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. For any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, for prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

“Net Revenues” and “Net Revenues of the Water/Wastewater System” with respect to any period of time means the Gross Revenues for such period less Operating Expenses incurred during such period.

“Operating Expenses” means the expenses of operation and maintenance of the Water/Wastewater System, including all salaries, labor, materials repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate

ordinances, are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any Parity Water/Wastewater Obligations. Operating Expenses shall include the purchase of water, the treatment and disposal of wastewater, and, to the extent permitted by law Operating Expenses may include payments made on or in respect of obtaining and maintaining any Credit Agreement or Credit Facility. Depreciation shall not be considered as expenses of operation and maintenance.

“Other Available Water/Wastewater System Revenues” means an amount of unencumbered funds accumulated in the Water/Wastewater System Surplus Revenue Account designated as Other Available Water/Wastewater Funds and deposited to the credit of the System Fund as provided in Section 9 hereof; provided, the maximum amount which may be so designated in any Fiscal Year for purposes of complying with the provisions of Sections 4 and 10 of this Ordinance cannot exceed twenty-five per cent (25%) of the Debt Service Requirements for the Parity Water/Wastewater Obligations for such Fiscal Year.

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## ANNEX B

### ADDITIONAL DEBT TEST

Reference is made to Section 3 (*No Additional Prior First Lien/Prior Subordinate Lien Combined Utility Systems Revenue Obligations*) of the Master Ordinance and Section 10 (*Issuance of Additional Obligations*) of the Master Ordinance, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used below in this Annex B shall have the respective meanings assigned to such terms in the Master Ordinance. For reference purposes, certain defined terms of the Master Ordinance used in this Annex B, as of the Effective Date, are set forth in Annex A.

Section 3. NO ADDITIONAL PRIOR FIRST LIEN /PRIOR SUBORDINATE LIEN COMBINED UTILITY SYSTEMS REVENUE OBLIGATIONS. From and after the date of the adoption of this Ordinance, the City hereby provides that no additional revenue obligations shall be issued on a parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations and at such time as the Prior First Lien Obligations, Prior Subordinate Lien Obligations currently Outstanding and the Commercial Paper Obligations have been fully paid and discharged in a manner such obligations are no longer deemed to be Outstanding under the terms of their respective ordinances and by law, all revenue obligations of the Water/Wastewater System then Outstanding shall be Parity Water/Wastewater Obligations, Previously Issued Separate Lien Obligations, or obligations subordinate to the Parity Water/Wastewater Obligations then Outstanding, and payable only from and secured only by a lien on and pledge of the Net Revenues of the Water/Wastewater System and the revenues deposited to the credit of the accounts and funds established and maintained in the ordinances providing for their issuance, including this Ordinance with respect to Parity Water/Wastewater Obligations and any Supplement.

#### Section 10. ISSUANCE OF ADDITIONAL OBLIGATIONS.

(a) Parity Water/Wastewater Obligations. The City reserves and shall have the right and power to issue or incur Parity Water/Wastewater Obligations for any purpose authorized by law pursuant to the provisions of this Ordinance and a Supplement hereafter adopted. The City may issue, incur, or otherwise become liable in respect of any Parity Water/Wastewater Obligations if:

(i) a Designated Financial Officer shall execute a certificate stating that, to his or her knowledge, the City is in compliance with all covenants contained in this Ordinance and any Supplement, is not in default in the performance and observance of any of the terms, provisions and conditions hereof and thereof, and the Funds and Accounts securing the Parity Water/Wastewater Obligations then Outstanding as established in accordance with the terms of this Ordinance and any Supplement contain the amounts then required to be therein or the proceeds of sale of the Parity Water/Wastewater Obligations then to be issued are to be used to cure any deficiency in the amounts on deposit to the credit of such Funds and Accounts, if any; and

(ii) an Accountant shall certify or render an opinion to the effect that, for the last completed Fiscal Year preceding the date of the then proposed Parity Water/Wastewater

Obligations, or for any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Parity Water/Wastewater Obligations, the Net Revenues of the Water/Wastewater System, after deducting amounts expended from the Water/Wastewater System's Net Revenues during the last completed Fiscal Year for the payment of debt service requirements of the Prior First Lien Obligations and Prior Subordinate Lien Obligations, together with Other Available Water/Wastewater Revenues, are equal to 1.25 times the average Annual Debt Service Requirements of the Parity Water/Wastewater Obligations to be Outstanding after giving effect to the issuance of the then proposed Parity Water/Wastewater Obligations.

For purposes of paragraph (a) (ii), if Parity Water/Wastewater Obligations are issued to refund less than all of the Parity Water/Wastewater Obligations then Outstanding, the certificate, report or opinion of the Accountant required above shall give effect to the issuance of the proposed refunding Parity Water/Wastewater Obligations (and shall not give effect to the Parity Water/Wastewater Obligations being refunded following their cancellation or provisions being made for their payment).

(b) Short-Term Parity Water/Wastewater Obligations. The City may issue or incur Parity Water/Wastewater Obligations issued in the form of commercial paper and for purposes of this subsection, the term "Outstanding Funded Debt" shall include Subordinated Debt that matures by its terms, or that is renewable at the option of the City to a date, more than one year after the date of its issuance by the City. The terms and conditions pertaining to the issuance of Parity Water/Wastewater Obligations in the form of commercial paper, including, without limitation, the security, liquidity and reserves necessary to support such commercial paper obligations, shall be contained in a Supplement relating to their issuance.

(c) Special Facilities Debt and Subordinated Debt. Special Facilities Debt and Subordinated Debt may be incurred by the City without limitation.

(d) Credit Agreements. Payments to be made under a Credit Agreement may be treated as Parity Water/Wastewater Obligations if the governing body of the City makes a finding in the Supplement authorizing and approving the Credit Agreement that Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water/Wastewater Obligations then Outstanding and the financial obligations of the City under the Credit Agreement, and such finding is supported by a certificate executed by a Designated Financial Officer of the City.

(e) Determination of Net Revenues. In making a determination of Net Revenues for any of the purposes described in this Section, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the Water/Wastewater System that became effective at least 30 days prior to the last day of the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues coverage test described above, make a pro forma determination of the Net Revenues of the Water/Wastewater System for the period of time covered by the Accountant's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

## ANNEX C

### FLOW OF FUNDS

The following requirements and conditions contained below constitute the Flow of Funds referenced in Part D of Schedule I to this Agreement.

#### **I. Excerpt of Master Ordinance:**

Reference is made to Sections 6, 7, 8 and 9 of the Master Ordinance, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used below in this Part I of Annex C shall have the respective meanings assigned to such terms in the Master Ordinance. For reference purposes, certain defined terms of the Master Ordinance used in this Part I of Annex C, as of the Effective Date, are set forth in Annex A.

Section 6. **SYSTEM FUND.** In accordance with the provisions of the ordinances authorizing the issuance of the Prior First Lien Obligations, Prior Subordinate Lien Obligations and the Commercial Paper Obligations, the City has created and there shall be maintained on the books of the City while the Parity Water/Wastewater Obligations are Outstanding a separate fund or account known and designated as the “Water and Sewer System Fund” (herein called the “Water and Wastewater System Fund” or “System Fund”). All funds deposited to the credit of the System Fund and disbursements from such Fund shall be recorded in the books and records of the City and moneys deposited to the credit of such Fund shall be in an account or fund maintained at an official depository of the City. The Gross Revenues of Water/Wastewater System shall be deposited, as collected, to the credit of the System Fund and such Gross Revenues deposited to the credit of the System Fund shall be allocated, budgeted and appropriated to the extent required for the following uses and in the order of priority shown:

**FIRST:** To the payment of Operating Expenses, as defined herein or required by statute to be a first charge on and claim against the Gross Revenues.

**SECOND:** To the payment of the amounts required to be deposited in any special funds or accounts created for the payment and security of the Prior First Lien Obligations, including the amounts required to be deposited to the credit of the common reserve fund established for the Prior First Lien Obligations and Prior Subordinate Lien Obligations.

**THIRD:** Equally and ratably to the payment of the amounts required to be deposited to the credit of (i) the special fund created and established for the payment of principal of and interest on the Prior Subordinate Lien Obligations as the same becomes due and payable (ii) the funds maintained for the payment of Previously Issued Separate Lien Obligations currently Outstanding and (iii) the special Funds and Accounts for the payment of the Parity Water/Wastewater Obligations.

**FOURTH:** To pay Subordinated Debt, including amounts for the payment of the Commercial Paper Obligations, and the amounts, if any, due and payable under any credit agreement executed in connection therewith.

FIFTH: To the payment of the amount, if any, approved and authorized by action of the governing body of the City, to be deposited to the credit of the Water/Wastewater System's Surplus Revenue Account

Any Net Revenues remaining in the Water and Sewer Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

Section 7. DEBT SERVICE FUND. For the sole purpose of paying the principal amount of, premium, if any, and interest on, and other payments (other than Operating Expenses) incurred in connection with Parity Water/Wastewater Obligations, there is hereby created and there shall be established and maintained on the books of the City a separate fund designated as the "Water/Wastewater Revenue Obligation Debt Service Fund" (the "Debt Service Fund") and moneys to the credit of such Debt Service Fund shall be placed in a special fund or account maintained at an official depository of funds of the City.

The amount of the deposits to be made to the credit of the Debt Service Fund to pay the principal of and interest on the Parity Water/Wastewater Obligations as the same shall become due and payable and the manner for making such deposits shall be addressed and contained in each Supplement. In addition, the City reserves the right in any Supplement to establish within the Debt Service Fund various Accounts to facilitate the timely payment of Parity Water/Wastewater Obligations as the same become due and owing.

Section 8. RESERVE FUND.

(a) Establishment. There is hereby created and there shall be established and maintained on the books of the City a separate fund or account designated as the "Water/Wastewater System Revenue Obligation Reserve Fund" (the "Reserve Fund"). Except as provided in subsection (f) below, the Reserve Fund shall be maintained for the benefit of the owners of the Parity Water/Wastewater Obligations. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. The amounts deposited to the credit of the Reserve Fund shall be deposited in a special fund maintained at an official depository of City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Water/Wastewater Obligations as they become due or paying principal of and interest on the Parity Water/Wastewater Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The amount to be accumulated and maintained in the Reserve Fund shall be an amount equal to the Required Reserve Amount. The City may, at its option, withdraw and transfer to the Debt Service Fund all surplus in the Reserve Fund over the Required Reserve Amount.

(b) Credit Facility. The City may replace or substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, the cash or Eligible Investments on deposit in the Reserve Fund, taken together with the face amount of any existing Credit Facilities, in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the System Fund unless such excess was funded with the proceeds of sale of Parity Water/Wastewater Obligations in which case such excess shall be deposited to the credit of

the Debt Service Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer.

(c) Priority of Draws. If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys and cash resulting from the sale or liquidation of Eligible Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

In the event of a draw on a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues shall be subject to the provisions of Section 8(d) below and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Water/Wastewater Obligations.

(d) Reserve Amount Deficiency. In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, subject to satisfying or making provision for the uses having a priority on the Gross Revenues before any deposits for the payment and security of the Parity Water/Wastewater Obligations and after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance and any Supplement, cause the aggregate Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully restored within 12 months from the date such deficiency, termination or expiration occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before the last day of each month from the available Net Revenues, (ii) depositing Eligible Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of (i) and (ii).

(e) Excess Required Reserve. As Parity Water/Wastewater Obligation secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding under the terms of the Ordinance or a Supplement, the Required Reserve Amount may be recalculated and redetermined, and any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to (i) the System Fund, if an amount equal to such excess was funded with Net Revenues, or (ii) the Debt Service Fund.

(f) Application to Commercial Paper/Credit Agreements. For the purpose of this Section, the Reserve Fund shall not secure Parity Water/Wastewater Obligations issued in the form of commercial paper, or any Credit Agreement issued in support of such Parity Water/Wastewater Obligations issued in the form of commercial paper, except as otherwise may be provided in any Supplement.

Section 9. **SYSTEM SURPLUS REVENUE ACCOUNT.** At the end of each Fiscal Year and after satisfying all payments and transfers having a priority on the revenues deposited to the credit of the System Fund, an amount approved and authorized by action of the governing body

of the City may be transferred from the System Fund and deposited to the credit of a “Water/Wastewater System Surplus Revenue Account” to be established and maintained on the books and records of the City. The amounts deposited to the credit of the Water/Wastewater System Surplus Revenue Account may be used to make capital improvements to the Water/Wastewater System, to pay Operating Expenses or for any other lawful purpose. Prior to the beginning of each Fiscal Year, an amount deposited to the credit of the Water/Wastewater System Surplus Revenue Account may by action of the governing body of the City in the approval of the annual budget, or by a separate action, be designated as “Other Available Water/Wastewater Funds”. The amount so designated as “Other Available Water/Wastewater Fund” shall be transferred on the books of the City to the credit of the System Fund as of the beginning of such Fiscal Year.

## **II. Excerpt of WIFIA Supplemental Ordinance:**

Reference is made to Sections 13 and 14 of the WIFIA Supplemental Ordinance, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used below in this Part II of Annex C shall have the respective meanings assigned to such terms in the WIFIA Supplemental Ordinance.

**SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the Bond, the City need not establish any special accounts within the Debt Service Fund and following the delivery of the Bond, the City agrees and covenants that in addition to the deposits for the payment of the Previously Issued Parity Water/Wastewater Obligations there shall be deposited to the credit of the Debt Service Fund an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and principal of the Bond falling due on or before each maturity, mandatory redemption or prepayment date and interest payment date, and such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bond are delivered to the WIFIA Lender.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bond shall continue to be made in the manner provided in this Section until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Parity Water/Wastewater Obligations then Outstanding or (ii) the Bond is no longer outstanding, i.e., fully paid as to principal and interest or the Bond has been refunded.

Any accrued interest received from the WIFIA Lender shall be deposited in the Debt Service Fund, and shall be taken into consideration and reduce the amount of the monthly deposits that would otherwise be required to be deposited to the credit of the Debt Service Fund from the Net Revenues of the Water/Wastewater System.

**SECTION 14: RESERVE FUND.** Acting in accordance with the provisions of the Master Ordinance, specifically Section 8 of the Master Ordinance, the City is exercising the authority to determine in a Supplement that it is not necessary at the time of issuance, but reserves the right in the future, for the Bond to be secured by the Reserve Fund established for the benefit of the owners of certain series of the Previously Issued Parity Water/Wastewater Obligations. The City shall not

be required at the time of issuance, but reserves the right in the future, to make deposits of any Reserve Fund Obligations to the credit of the Reserve Fund for the benefit of the Bond, and the City shall not be required at the time of issuance, but reserves the right in the future, to make deposits of Reserve Fund Obligations to the credit of the Reserve Fund with respect to the Bond. The City reserves the right in the future to secure the Bond by the Reserve Fund established for the benefit of the owners of certain series of the Previously Issued Parity Water/Wastewater Obligations or a dedicated stand-alone reserve fund to the extent required by the terms of the WIFIA Loan Agreement.

Furthermore, in accordance with Section 10(d) of the Master Ordinance, council finds that the Gross Revenues will be sufficient to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Water/Wastewater Obligations currently Outstanding and the financial obligations of the City under any Credit Facility entered into with the Credit Facility providers.

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

**PART A. Project Budget.<sup>1</sup>**

<b>SOURCES OF FUNDS</b>	<b>AMOUNT (\$ USD)</b>	<b>PERCENTAGE (%)</b>
WIFIA Loan	\$861,331,335	49.0%
Revenue Bonds	\$837,487,716	47.6%
TWDB Loan	\$59,000,000	3.4%
<b>Total Sources of Funds</b>	<b>\$1,757,819,051</b>	<b>100.0%</b>
<b>USES OF FUNDS</b>	<b>AMOUNT (\$ USD)</b>	<b>PERCENTAGE (%)</b>
Construction	\$1,594,129,535	90.7%
Design	\$116,505,653	6.6%
Planning	\$16,944,156	1.0%
Other Capital Costs	\$1,890,727	0.1%
Program Contingency	\$22,900,000	1.3%
Financing Costs	\$5,448,980	0.3%
<b>Total Uses of Funds</b>	<b>\$1,757,819,051</b>	<b>100.0%</b>
<b>Total Eligible Project Costs</b>	<b>\$1,757,819,051</b>	<b>100.0%</b>
<b>Total Project Costs</b>	<b>\$1,757,819,051</b>	<b>100.0%</b>

**PART B. Construction Schedule.**

Projected Substantial Completion Date: May 23, 2031.

<b>PROJECT ELEMENT</b>	<b>DESIGN COMPLETION</b>	<b>CONSTRUCTION START</b>	<b>CONSTRUCTION END</b>
Walnut Creek WWTP Expansion and Enhancements	8/01/2025	3/01/2024	5/23/2031

<sup>1</sup> **Note to Borrower:** Please review and confirm.

**PART C. Existing Construction Contracts.**<sup>2</sup>

<b>Contract Name</b>	<b>Effective Date</b>	<b>Amount</b>	<b>Parties</b>	<b>Description</b>

**PART D. [Reserved].**

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<sup>2</sup> **Note to Borrower:** Borrower to complete and provide copies of all existing executed construction contracts.

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

**PART A. Existing Indebtedness.**

**1. Existing Parity Water/Wastewater Obligations**

	<b>Agreement/Series</b>	<b>Outstanding Principal as of Effective Date</b>
<b>1.</b>	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2010	\$16,965,000
<b>2.</b>	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2010B (Direct Subsidy-Build America Bonds)	\$69,040,000
<b>3.</b>	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2015A	\$5,000
<b>4.</b>	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2016	\$220,010,000
<b>5.</b>	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2016A	\$11,910,000
<b>6.</b>	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2017	\$204,475,000
<b>7.</b>	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2017A	\$26,430,000
<b>8.</b>	City of Austin, Texas Water and Wastewater System Revenue Bonds, Series 2018	\$2,075,000
<b>9.</b>	City of Austin, Texas Water and Wastewater System Revenue Bonds, Series 2019	\$4,490,000
<b>10.</b>	City of Austin, Texas Water and Wastewater System Revenue Bonds, Series 2020A	\$8,980,000
<b>11.</b>	City of Austin, Texas Water and Wastewater System Revenue Bonds, Series 2020B	\$3,055,000
<b>12.</b>	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2020C	\$197,255,000
<b>13.</b>	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2020D	\$12,960,000
<b>14.</b>	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2021	\$193,210,000
<b>15.</b>	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2021A	\$8,720,000
<b>16.</b>	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2021B	\$7,890,000

17.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2021C	\$14,625,000
18.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2021D (CWSRF)	\$20,020,000
19.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2021E (DWSRF)	\$26,015,000
20.	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2022	\$259,050,000
21.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2022A (SWIRFT)	\$15,780,000
22.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2022B (DWSRF)	\$22,770,000
23.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2022C (CWSRF)	\$7,665,000
24.	City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2023 (Forward Delivery)	\$143,770,000
25.	City of Austin, Texas Water and Wastewater System Revenue Bonds, Series 2023A (SWIRFT)	\$16,590,000
26.	City of Austin, Texas, Water and Wastewater System Revenue Refunding and Improvement Bonds, Series 2024	\$449,660,000
27.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2024A (SWIRFT)	\$24,000,000
28.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2025A (SWIRFT)	\$10,000,000
29.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2025B (SWIRFT)	\$3,000,000
30.	City of Austin, Texas, Water and Wastewater System Revenue Refunding and Improvement Bonds, Series 2026	\$540,445,000
31.	City of Austin, Texas, Water and Wastewater System Revenue Bonds, Series 2026A (CWSRF)	\$59,000,000

**2. Existing Subordinated Debt<sup>1</sup>**

	Agreement/Series	Outstanding Principal as of Effective Date
1.	\$600,000,000 City of Austin, Texas Combined Utility Systems, Tax-Exempt Program Notes, Commercial Paper Sub-Series and Direct Purchase Sub-Series, issued pursuant to Ordinance No. 20240502-011, dated May 2, 2024, maturing on September 30, 2044	
2.	\$100,000,000 City of Austin, Texas Combined Utility Systems, Taxable Program Notes, Commercial Paper Sub-	

<sup>1</sup> Excludes subordinated water and wastewater system revenue pledged to the Borrower's Certificates of Obligation required for the issuance of such certificates pursuant to Subchapter C of the Chapter 271 of the Texas Local Government Code, as amended.

	Series and Direct Purchase Sub-Series, issued pursuant to Ordinance No. 20240502-012, dated May 2, 2024, maturing on September 30, 2044	
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**PART B. Litigation Disclosure.**

[ ]<sup>2</sup>

No.	Parties	Date Initiated	Description / Status	Venue

**PART C. Environmental Matter Disclosure.**

[ ]<sup>3</sup>

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<sup>2</sup> **Note to Borrower:** Please complete. Include “None” if no litigation disclosures are necessary.

<sup>3</sup> **Note to Borrower:** Please complete. Include “None” if no environmental matter disclosures are necessary.

## SCHEDULE IV

### REQUISITION PROCEDURES

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

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

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

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

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

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

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

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

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

provided, that, (w) any request for a Disbursement received by the WIFIA Lender on September 15 shall, if approved, be processed by the WIFIA Lender as a Disbursement requested for the fifteenth (15<sup>th</sup>) day of October; (x) if any such day is not a Business Day, the Disbursement request or payment (as the case may be) shall be made by the next succeeding Business Day; (y) the Borrower shall not request to receive more than one (1) Disbursement per month or every thirty (30) days (whichever is longer); and (z) no Disbursements shall be made after the Final Disbursement Date.

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

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

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

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

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

## SCHEDULE V

### REPORTING REQUIREMENTS

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

The Borrower shall provide to the WIFIA Lender, not later than one hundred eighty (180) days after the end of each Borrower Fiscal Year, an Updated Financial Model/Plan. The Updated Financial Model/Plan shall reflect the Borrower's reasonable expectations, using assumptions that the Borrower believes to be reasonable, and include: (a) the Borrower's capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected Gross Revenues and projected Operating Expenses for a reasonable projection period consistent with the Borrower's operating and financial planning and demonstrating that the Borrower has developed and identified adequate revenues to implement a plan for operating, maintaining, and repairing the Project; (b) evidence of compliance with the Rate Covenant for the most recent Borrower Fiscal Year for which the Borrower's Financial Statements are available and the projected debt service coverage ratios (including projected Rate Covenant coverages) through the Forecast Period; and (c) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model/Plan.

#### **PART B. Annual Financial Statements.**

The Borrower shall deliver to the WIFIA Lender, as soon as available, but no later than one hundred eighty (180) days after the end of each Borrower Fiscal Year, a copy of the audited income statement and balance sheet of the Borrower as of the end of such Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year, (a) setting forth in each case in comparative form the figures for the previous fiscal year, (b) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (c) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except, with respect to the annual financial statements, for changes approved or required by the independent public accountants certifying such statements and disclosed therein).

#### **PART C. Construction Monitoring.**

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

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

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

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

**PART D. Public Benefits Report.**

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

**PART E. Notices.**

(a) The Borrower shall, within fifteen (15) days (or such other time as may be specified below) after the Borrower learns of the occurrence, 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:

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

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

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

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

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

(vi) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of any fully executed amendments, modifications, replacements or supplements to any Related Document; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(vii) Related Document Defaults: any material breach or default or event of default on the part of the Borrower or any other party under any Related Document; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

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

(ix) Ratings Changes: any change in the rating assigned to the WIFIA Loan or any other Obligations, in each case by any Nationally Recognized Rating Agency that has provided a public rating on such indebtedness, and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

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

(xi) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Permitted Debt (including any Additional Obligations), together with a confirmation by the Borrower that such additional indebtedness satisfies the applicable requirements under the definition of "Permitted Debt"; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(xii) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement or similar document with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events; provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(xiii) SAM / UEI: any change in the Borrower's SAM registration status (including any exclusions, expiration or inactive registration) or UEI (including any expiration or change in effectiveness); provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

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

(xv) Fiscal Year: any change to or adoption of any fiscal year other than the Initial Borrower Fiscal Year; provided, that such notice may be accomplished through

the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement; and

(xvi) 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 Obligations that could reasonably be expected to result in a Material Adverse Effect.

(b) The Borrower shall, at any time while the WIFIA Loan remains Outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or regarding the Water/Wastewater System, the Project or the Gross Revenues as the WIFIA Lender may from time to time reasonably request. The Borrower agrees that the delivery of any documents or information under and pursuant to this Agreement shall not be construed as compliance with, or affect in any manner, any obligations of the Borrower under any other contracts, agreements, decrees, Governmental Approvals, or other documents with EPA (other than the WIFIA Loan Documents) or the Federal Government.

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## SCHEDULE VI

### WIFIA LOAN AMORTIZATION SCHEDULE<sup>1</sup>

*[To be attached with final interest rate on the Effective Date]*

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<sup>1</sup> WIFIA Underwriter to work with Borrower to provide an initial amortization schedule that is shared with the transaction team prior to closing. The final schedule will be finalized on the day of closing to account for the final interest rate.

**EXHIBIT A**

**FORM OF WIFIA BOND**

REGISTERED  
NO. [ ]

REGISTERED  
\$[861,331,335]

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF AUSTIN, TEXAS,  
WATER AND WASTEWATER SYSTEM  
REVENUE BOND, SERIES 2026B

(WALNUT CREEK WASTEWATER TREATMENT PLANT EXPANSION AND  
ENHANCEMENTS PROJECT  
(WIFIA ID – 23123TX))

Dated Date	Interest Rate	Final Maturity Date	CUSIP
[ ], 2026	[ ]%, subject to the Default Rate (as defined and in accordance with the WIFIA Loan Agreement)	November 15, 2061, subject to adjustment as set forth in the WIFIA Loan Agreement	[ ]

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

**Maximum Principal Amount** \$[861,331,335] [(excluding capitalized interest)]

The City of Austin (the “City”), a home rule city and body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received promises to pay to the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the United States Environmental Protection Agency, or its registered assigns (the “WIFIA Lender” or the “Registered Owner”), solely from the revenues identified in this WIFIA Bond, the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all Disbursements made by the WIFIA Lender (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement (as defined below), including,

without limitation, subject to any limitations set forth in Section 3 (*WIFIA Loan Amount*) of 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 that certain WIFIA Loan Agreement, dated as of the date hereof, between the WIFIA Lender and the City (the “**WIFIA Loan Agreement**”). All capitalized terms used in this WIFIA Bond and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

Principal of this WIFIA Bond is payable to the Registered Owner at the times, in the manner and at the place provided in the WIFIA Loan Agreement. Interest is payable to the Registered Owner of this WIFIA Bond at the times, in the manner and at the place provided in the WIFIA Loan Agreement. All payments of principal of, premium, if any, and interest on this WIFIA Bond shall be without exchange or collection charges to the owner of this WIFIA Bond and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This WIFIA Bond, dated as of the Dated Date, is one of the series specified in its title, issued for the purpose of financing the costs of acquisition and construction of improvements, additions and extensions to the City’s Water/Wastewater System, and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1502, Chapter 1371 and pursuant to a Master Ordinance and the WIFIA Supplemental Ordinance adopted by the City Council of the City (collectively referred to as the “**Ordinances**”).

The WIFIA Debt Service hereof shall be payable in the amounts, manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule in accordance with the WIFIA Loan Agreement (which WIFIA Loan Amortization Schedule may be revised from time to time in accordance with the WIFIA Loan Agreement and which WIFIA Loan Amortization Schedule, 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), until paid in full. The WIFIA Lender is hereby authorized to modify the WIFIA Loan Amortization Schedule from time to time to reflect the amount of each Disbursement made thereunder and the date and amount of principal or interest paid by the City thereunder and otherwise in accordance with the terms of the WIFIA Loan Agreement. Absent manifest error, the WIFIA Lender’s determination of such matters as set forth on the WIFIA Loan Amortization Schedule 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 City’s obligations hereunder or under any other WIFIA Loan Document.

Payments hereon are to be made in accordance with Section 8(b) (*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 made in Dollars and in immediately available funds (without counterclaim, offset or deduction). Any payment in respect of this 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 this WIFIA Bond. If the Final Maturity Date is adjusted in accordance with the WIFIA Loan Agreement, the due date of this WIFIA Bond

shall be deemed to be amended to change the due date to such revised Final Maturity Date without any further action required on the part of the City or the WIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of this WIFIA Bond without the prior written agreement of the WIFIA Lender. Any such amendment shall be reflected in a revised WIFIA Loan Amortization Schedule.

This WIFIA Bond has been executed under and pursuant to the WIFIA Loan Documents and is issued pursuant to the WIFIA Supplemental Ordinance to evidence the obligation of the City under the WIFIA Loan Documents 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 City's obligations hereunder.

Payment of the obligations of the City under this WIFIA Bond is secured by Liens on the Pledged Collateral pursuant to the WIFIA Loan Documents. This WIFIA Bond is a Parity Water/Wastewater Obligation, entitled to all of the benefits of a Parity Water/Wastewater Obligation under the Master Ordinance and other WIFIA Loan Documents. The Lien on the Pledged Collateral securing this WIFIA Bond for the benefit of the WIFIA Lender is and shall be (a) on a parity in right of payment and right of security to the Liens on the Pledged Collateral in favor of all other Parity Water/Wastewater Obligations and (b) senior in right of payment and right of security to the Lien on the Pledged Collateral in favor of any Subordinated Debt.

This WIFIA Bond may be prepaid at the option of the City, without penalty or premium, (i) in full on any date on or after the Final Disbursement Date or (ii) in part on any Payment Date on or after the Final Disbursement Date (and, if in part, the amounts thereof to be prepaid are to be determined by the City; provided, such prepayments shall be in principal amounts of at least \$1,000,000 or any integral multiple of \$1.00 in excess thereof), in each case from time to time but not more than once annually in accordance with the WIFIA Loan Agreement.

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.

This WIFIA Bond is a special obligation of the City payable solely from and, together with the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, equally and ratably secured by a parity lien on and pledge of, the Net Revenues of the Water/Wastewater System in the manner provided in the Ordinances. Additionally, this WIFIA Bond and the Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Ordinances. This WIFIA Bond does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water/Wastewater System, except with respect to the Pledged Collateral. The Registered Owner shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the related terms and conditions set forth in the WIFIA Loan Agreement and the Ordinance Documents, the City has reserved the right to issue additional

revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Pledged Collateral, in the same manner and to the same extent as this WIFIA Bond.

Reference is made to the Ordinances, copies of which are on file with the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner by acceptance of this WIFIA Bond assents, for definitions of terms; the description of and the nature and extent of the security for this WIFIA Bond; the properties constituting the Water/Wastewater System; the Pledged Collateral pledged to the payment of the principal of and interest on this WIFIA Bond; the nature and extent and manner of enforcement of the lien and pledge securing the payment of this WIFIA Bond; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this WIFIA Bond; the conditions upon which the Ordinances may be amended or supplemented with or without the consent of the Registered Owner; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made in the Ordinances may be discharged at or prior to the maturity of this WIFIA Bond, and this WIFIA Bond deemed to be no longer Outstanding under the Ordinances; and for the other terms and provisions contained in the Ordinances.

To the fullest extent permitted by applicable law and pursuant to Section 1371.059(c) of the Texas Government Code, as amended, with respect to its obligations arising under this WIFIA Bond, the City has, in the WIFIA Supplemental Ordinance, waived sovereign immunity from suit and liability for the purpose of adjudicating a claim to enforce its duties and obligations under this WIFIA Bond or for damages for breach hereof.

It is certified, recited, represented and covenanted that the City is a duly organized and legally existing home rule city and municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of this WIFIA Bond is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of this WIFIA Bond to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinances; that this WIFIA Bond does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on this WIFIA Bond by a pledge of the Pledged Collateral. In case any provision of this WIFIA Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired. The terms and provisions of this WIFIA Bond and the Ordinances shall be construed in accordance with and shall be governed by the laws of the State of Texas.

*[Signature page follows.]*

IN WITNESS WHEREOF, the City Council of the City has caused this WIFIA Bond to be executed under the official seal of the City.

**CITY OF AUSTIN, TEXAS,**  
by its authorized representative

\_\_\_\_\_  
Mayor

COUNTERSIGNED:

(SEAL)

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

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Form of Registration Certificate of Comptroller of Public Accounts  
to Appear on Initial Bond only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER )  
 )  
OF PUBLIC ACCOUNTS ) REGISTER NO. \_\_\_\_\_  
 )  
THE STATE OF TEXAS )

I CERTIFY that this WIFIA Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Acting Comptroller of Public Accounts  
of the State of Texas

(SEAL)

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REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This WIFIA Bond has been issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Ordinances; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar in \_\_\_\_\_, Texas is the Designated Payment/Transfer Office for this Bond.

\_\_\_\_\_, as Paying Agent/Registrar

Registration date:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

DRAFT

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee):

\_\_\_\_\_

(Social Security or other identifying number (\_\_\_\_\_) the within WIFIA Bond and all rights under this WIFIA Bond, and irrevocably constitutes and appoints

\_\_\_\_\_ attorney to transfer the within WIFIA Bond on the books kept for registration of the WIFIA Bond, with full power of substitution in the premises.

DATED:

\_\_\_\_\_  
Signature guaranteed:

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within WIFIA Bond in every particular.

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## EXHIBIT B

### FORM OF CLOSING CERTIFICATE

Dated: [Effective Date]

Reference is made to that certain WIFIA Loan Agreement, dated as of [\_\_\_\_\_], 2026 (the “**WIFIA Loan Agreement**”), by and among the City of Austin, Texas (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement.

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

- (a) pursuant to Section 11(a)(v) of the WIFIA Loan Agreement, attached hereto as Annex A is an incumbency certificate that lists persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 21 (*Borrower’s Authorized Representative*) of the WIFIA Loan Agreement;
- (b) pursuant to Section 11(a)(ii) of the WIFIA Loan Agreement, the Borrower has delivered to the WIFIA Lender copies of (i) the Master Ordinance, together with any amendments, supplements, waivers or modifications thereto (but excluding any document that solely provides for the issuance or incurrence of Additional Obligations, hedging Obligations or Interim Financing) and (ii) any Related Document with respect to which all or a portion of the proceeds are or will be applied to fund all or any portion of Total Project Costs, in each case 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 the Related Documents that are necessary to the closing of the WIFIA transaction contemplated hereby (if any) have been fulfilled;
- (c) pursuant to Section 11(a)(v)(A) of the WIFIA Loan Agreement, (i) the Maximum Principal Amount, together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs; (ii) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (iii) the total federal assistance provided to the Project, including the Maximum Principal Amount, does not exceed eighty percent (80%) of Total Project Costs;

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

[Signature page follows.]

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

**CITY OF AUSTIN, TEXAS,**  
by its authorized representative

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

DRAFT

## ANNEX A TO EXHIBIT B

### INCUMBENCY CERTIFICATE

Dated: [\_\_\_\_\_] , 2026

The undersigned certifies that he/she is the [City Clerk] of the City of Austin, Texas, a home-rule city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Constitution of the State of Texas and organized and existing under the laws of the State of Texas (the “**Borrower**”), 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 Borrower in the capacity or capacities indicated therewith, and that the signatures set forth opposite their respective names are their true and genuine signatures. Capitalized terms used in this incumbency certificate and not defined shall have the respective meanings ascribed to such terms in that certain WIFIA Loan Agreement, dated as of [\_\_\_\_\_] , 2026, between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator. He/She further certifies that (i) the [\_\_\_\_\_] [, the \_\_\_\_\_] [and the \_\_\_\_\_] listed on the following page [is][are each] authorized to execute and deliver the [WIFIA Bond and] the WIFIA Supplemental Ordinance as the Borrower’s Authorized Representative, (ii) the [\_\_\_\_\_] [, the \_\_\_\_\_] [and the \_\_\_\_\_] listed on the following page [is][are each] authorized to complete and execute each Requisition and deliver same to the WIFIA Lender as the Borrower’s Authorized Representative, and (iii) the [\_\_\_\_\_] [, the \_\_\_\_\_] [and the \_\_\_\_\_] listed on the following page [is][are each] authorized to execute and deliver the WIFIA Loan Agreement, the WIFIA Term Sheet and any other instruments or documents (including written instructions but excluding the WIFIA Bond) with regard to any matters pertaining to the WIFIA Loan Documents as the Borrower’s Authorized Representative:

*[Remainder of this page intentionally left blank.]*

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Kirk Watson	Mayor	_____
T.C. Broadnax	City Manager	_____
Ed Van Eenoo	Chief Financial Officer	_____
Kimberly Olivares	Director of Financial Services	_____
Belinda Weaver	Treasurer	_____

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

**CITY OF AUSTIN, TEXAS,**  
by its authorized representative

By: \_\_\_\_\_  
Name:  
Title: [City Clerk]

The undersigned [\_\_\_\_\_] of the Borrower hereby certifies that the person named as [City Clerk] above has been appointed, is qualified, and is now acting as the [City Clerk] of the Borrower in such capacity and that the above signature is the true and correct signature of the [City Clerk] of the Borrower.

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

## EXHIBIT C

### FORM OF PUBLIC BENEFITS REPORT

Pursuant to [Section 11(a)(vii) and] Part D of Schedule V (*Reporting Requirements*) of the WIFIA Loan Agreement (as defined below), the City of Austin, Texas (the “**Borrower**”) is providing this Public Benefits Report in connection with the Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project (WIFIA ID – 23123TX). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement dated as of [\_\_\_\_\_], 2026 (the “**WIFIA Loan Agreement**”), between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator.

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

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

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

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

Yes

If yes, additional description: [ ]

No

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

Amount by which the Project will provide new, expanded, improved, more reliable, more resilient, or more efficient treatment capacity for wastewater treatment (measured in MGD capacity at Substantial Completion): [100 MGD].

## EXHIBIT D

### FORM OF REQUISITION

#### VIA EMAIL

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

Re: City of Austin, Texas – Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project (WIFIA ID – 23123TX)

Ladies and Gentlemen:

Pursuant to Section 4 (*Disbursement Conditions*) and Schedule IV (*Requisition Procedures*) of the WIFIA Loan Agreement, dated as of [\_\_\_\_], 2026 (the “**WIFIA Loan Agreement**”), by and between the CITY OF AUSTIN, TEXAS (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the Borrower hereby requests a Disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the Borrower. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

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

1.	<b>Project name</b>	Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project
2.	<b>Borrower name</b>	City of Austin, Texas
3.	<b>WIFIA Loan ID</b>	23123TX
4.	<b>Borrower UEI</b>	[____] <sup>2</sup>
5.	<b>Borrower FEIN</b>	74-6000085
6.	<b>Requisition number</b>	[__]
7.	<b>Requested Disbursement amount</b>	[\$[__]]
8.	<b>Requested date of Disbursement (the “Disbursement Date”)<sup>3</sup></b>	[__]
9.	<b>Total amounts previously disbursed under the WIFIA Loan Agreement</b>	[\$[__]]

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

<sup>2</sup> **Note to Borrower:** See Note to Borrower in Schedule I regarding the Borrower UEI.

<sup>3</sup> Note this should be the actual disbursement date on which the Borrower requests to receive the funds, not the date that this Requisition form is submitted to the WIFIA Lender.

10.	ACH transfer instructions	<input type="checkbox"/>
-----	---------------------------	--------------------------

11. As of the date hereof, and immediately after giving effect to the Disbursement of WIFIA Loan proceeds requested under this Requisition, (a) no Default or Event of Default and no event of default under any other Related Document has occurred and is continuing and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, has occurred and is continuing.
12. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred since the Effective Date.
13. The aggregate amount of all Disbursements (including the requested Disbursement amount under this Requisition but excluding any interest that is capitalized in accordance with the WIFIA Loan Agreement) does not exceed (a) the Maximum Principal Amount or (b) the amount of Eligible Project Costs paid or incurred by the Borrower.
14. The Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (a) WIFIA Loan proceeds or (b) any other source of funding for the Project (other than any Interim Financing or cash of the Borrower) as identified in the Project Budget.
15. The Borrower has complied, and has required each of its contractors and subcontractors at all tiers with respect to the Project to comply, with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§ 3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. § 3914 (relating to American iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.
16. The representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other WIFIA Loan Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date).
17. The Borrower has delivered all required deliverables under and in compliance with the requirements of Schedule V (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender.<sup>4</sup>
18. The amount hereby being requested for Disbursement is with respect to Eligible Project Costs for which [all][a portion][none] of the Eligible Project Costs Documentation was previously submitted to and approved by the WIFIA Lender in accordance with Schedule

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

IV (*Requisition Procedures*) and Schedule V (*Reporting Requirements*) of the WIFIA Loan Agreement. The [following table below][attached excel sheet] sets out a summary of any Eligible Project Costs that have not otherwise been previously submitted to the WIFIA Lender for approval, and supporting Eligible Project Costs Documentation in respect of such new Eligible Project Costs is attached hereto.<sup>5</sup>

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

19. [The proceeds of the Disbursement of WIFIA Loan proceeds requested under this Requisition will be used by the Borrower to pay in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender to the Borrower, for the fees and expenses of the WIFIA Lender’s counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.]<sup>11</sup>

20. [For the avoidance of doubt, the certifications set forth in paragraphs 11 through 18 of this Requisition address the matters set forth in Section 11(b)(i) (*Conditions Precedent to Disbursements*) and the certification set forth in paragraph 19 of this Requisition addresses the matters set forth in Section 11(b)(iii) (*Conditions Precedent to Disbursements*).]<sup>12</sup>

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

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

**CITY OF AUSTIN, TEXAS,**

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

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

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

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

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

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

<sup>11</sup> This paragraph should be included only in the Requisition requesting the initial Disbursement of WIFIA funds.

<sup>12</sup> This paragraph should be included only in the Requisition requesting the initial Disbursement of WIFIA funds.

by its authorized representative

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

Name:

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

DRAFT

## EXHIBIT E

### FORM OF CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION

#### VIA EMAIL

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

Re: City of Austin, Texas – Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project (WIFIA ID – 23123TX)

Ladies and Gentlemen:

Pursuant to Part C of Schedule V (*Reporting Requirements*) of the WIFIA Loan Agreement, dated as of [\_\_\_\_], 2026 (the “**WIFIA Loan Agreement**”), by and between the CITY OF AUSTIN, TEXAS (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator (the “**WIFIA Lender**”), the Borrower hereby presents this certificate in connection with the Borrower’s delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Loan Agreement.

The undersigned does hereby represent and certify the following:

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

---

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

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

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

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

**CITY OF AUSTIN, TEXAS,**  
 by its authorized representative<sup>7</sup>

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

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

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

DRAFT

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

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

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

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

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

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

## EXHIBIT F

### FORM OF CONSTRUCTION MONITORING REPORT

#### VIA EMAIL

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

Re: City of Austin, Texas – Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project (WIFIA ID – 23123TX)

This Construction Monitoring Report for the period of [*insert relevant quarterly period*] (the “**Quarterly Period**”) is provided pursuant to Part C of Schedule V (*Reporting Requirements*) of the WIFIA Loan Agreement, dated as of [\_\_\_\_], 2026 (the “**WIFIA Loan Agreement**”), by and between the CITY OF AUSTIN, TEXAS (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this Construction Monitoring Report have the meanings assigned to those terms in the WIFIA Loan Agreement.

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

--

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

--

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

--

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

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

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

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

**CITY OF AUSTIN, TEXAS**

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

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

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

DRAFT

**APPENDIX A <sup>1</sup>**

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

**Table Definitions:**

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

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

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

Bid Advertisement Date – the date the bid was advertised

Contract Award Date – the date the contract was awarded

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

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

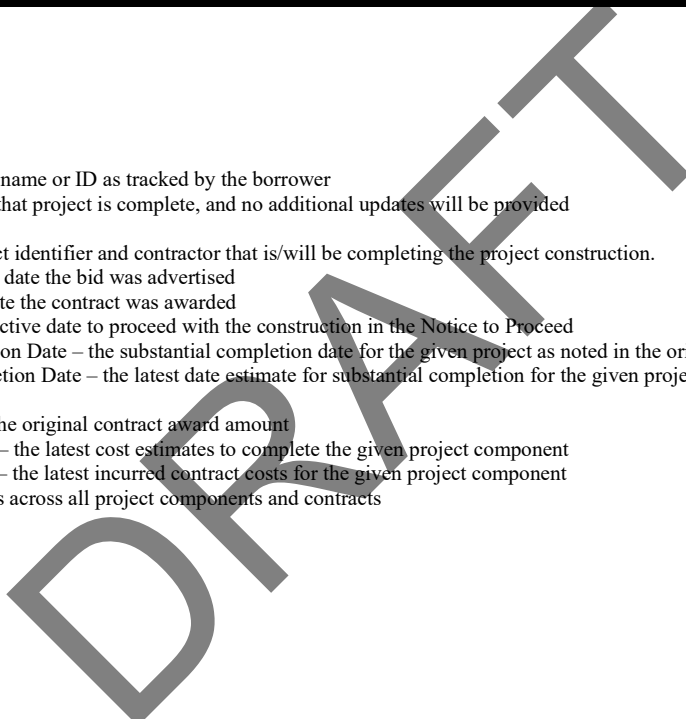
Estimated Substantial Completion Date – the latest date estimate for substantial completion for the given project component

Original Contract Amount – the original contract award amount

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

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

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



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

## EXHIBIT G

### FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

*[Letterhead of Borrower]*

*[Date]*

#### VIA EMAIL

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

**Project:** Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project  
(WIFIA ID – 23123TX)

Dear Director:

This Notice is provided pursuant to Part E of Schedule V (*Reporting Requirements*) of that certain WIFIA Loan Agreement (the “**WIFIA Loan Agreement**”), dated as of [\_\_\_\_], 2026, by and between the CITY OF AUSTIN, TEXAS (the “**Borrower**”) and the UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through its Administrator (the “**WIFIA Lender**”).

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

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

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

**CITY OF AUSTIN, TEXAS,**  
by its authorized representative

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

Name:

Title:

DRAFT

## EXHIBIT H-1

### OPINIONS REQUIRED FROM CITY ATTORNEY OF BORROWER

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

(a) The Borrower is a home rule city, municipal corporation and public body corporate and politic, duly organized and existing under the laws of the State, including Article XI, Section 5 of the Texas Constitution and the City of Austin home-rule charter.

(b) The Borrower has all requisite power and authority to own and operate the Water/Wastewater System and to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents (as defined in the WIFIA Loan Agreement) to which it is a party .

(c) The execution and delivery by the Borrower of, and the performance of its obligations under, the WIFIA Loan Documents to which it is a party, have been duly authorized by all necessary organizational or regulatory action, and other than the Borrower's organizational documents, the Master Ordinance, the WIFIA Supplemental Ordinance, the approving opinion of the State Attorney General, and the registration certificate of the Comptroller of Public Accounts of the State, no further instruments or documents are necessary for the Borrower to execute and deliver, and to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated thereby. No authorization, consent, or other approval of, or registration, declaration or other filing with any governmental authority of the United States of America or of the State is required on the part of the Borrower for the execution and delivery by such party of, and the performance of such party under, any WIFIA Loan Documents to which it is a party except the approving opinion of the State Attorney General and the registration certificate of the Comptroller of Public Accounts of the State timely obtained by the Borrower prior to the issuance of the WIFIA Bond.

(d) The Borrower has duly executed and delivered the WIFIA Loan Documents to which it is a party and, assuming the due authorization, execution and delivery of such documents by the other parties thereto, each such WIFIA Loan Document constitutes the legal, valid, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms. However, the enforceability of the obligations of the City under such WIFIA Loan Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, and other laws affecting the rights of creditors generally; (b) principles of equity, whether considered at law or in equity; and (c) the application of Texas law relating to governmental immunity applicable to governmental entities.

(e) The WIFIA Supplemental Ordinance, authorizing the WIFIA Loan Agreement, was duly adopted by the City Council of the Borrower on May 21, 2026, at a meeting thereof that was duly 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 Supplemental Ordinance is in full force and effect and has not been modified, amended, rescinded, or repealed.

(f) The execution and delivery by the Borrower of, and compliance with the provisions of, the WIFIA Loan Documents to which it is a party in each case do not (i) violate the

organizational documents of the Borrower, (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 Borrower 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 Borrower is subject.

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

(h) To my knowledge after due inquiry, there are no actions, suits, proceedings, investigations against the Borrower by or before any court, arbitrator, or any other Governmental Authority in connection with the proposed transaction, the Project, the Water/Wastewater System, or any Related Documents (as defined in the WIFIA Loan Agreement) that are pending, that prohibit or affect, or if adversely determined could reasonably be expected to prohibit or affect, the ability or authority of the Borrower to execute, deliver, or perform under the WIFIA Loan Documents to which it is a party.

DRAFT

## EXHIBIT H-2

### FORM OF OPINION FROM BOND COUNSEL TO BORROWER

[Letterhead of Bond Counsel]

[Closing Date]

United States Environmental Protection Agency,  
acting by and through the Administrator of the Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
Washington, D.C. 20460

Re: \$[861,331,335] City of Austin, Texas, Water and Wastewater System Bond, Series 2026B  
(Walnut Creek Wastewater Treatment Plant Expansion and Enhancements Project)  
(WIFIA ID – 23123TX)) (the “WIFIA Bond”)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Austin, Texas (the “City”) in connection with the execution and delivery of the WIFIA Loan Agreement, dated as of [\_\_\_\_\_], 2026 (the “WIFIA Loan Agreement”), by and between the City 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 “WIFIA Lender”) relating to WIFIA Loan Number – 23123TX, and, pursuant to the terms of the WIFIA Loan Agreement, the issuance and delivery of the WIFIA Bond. The City has authorized the issuance of WATER AND WASTEWATER SYSTEM revenue obligations pursuant to Ordinance No. 0006008-56A adopted by the City Council of the City on June 8, 2000 (the “Master Ordinance”) and Ordinance No. 20260521-[\_\_\_\_\_] adopted by the City Council of the City on May 21, 2026 (the “53rd Supplement”). The City has authorized the WIFIA Bond pursuant to the Master Ordinance, the 53rd Supplement and the Pricing Certificate delivered in accordance therewith. Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given in the WIFIA Loan Agreement.

In connection with this opinion, we have examined executed copies of the WIFIA Loan Documents, the Ordinance Documents and such documents and records of the City, certificates of public officials and officers of the City, and such other documents as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

(a) The City validly exists as a body corporate, municipal corporation and home-rule city operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution, with good right and power to issue the WIFIA Bond, and the City has taken all necessary action required to be taken to ensure that the WIFIA Loan Agreement complies in all respects with Chapters 1371 and 1502, Texas Government Code, as amended to the date hereof (jointly, the “Acts”), the Master Ordinance and the 53rd Supplement.

(b) The City has the right and power under the laws of the State, including the Acts, to enter into the Ordinance Documents, the Paying Agent/Registrar Agreement and the WIFIA Loan Documents and to issue the WIFIA Bond, and each has been duly authorized, executed and delivered by the City, and assuming the due authorization, execution and delivery of such documents by the other parties thereto, 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.

(c) The WIFIA Bond (i) is secured by the Pledged Collateral, (ii) is a Parity Water/Wastewater Obligation entitled to all of the benefits of a Parity Water/Wastewater Obligation under the Master Ordinance and all other WIFIA Loan Documents, (iii) is enforceable under the laws of the State without any further action by the City or any other Person, and (iv) ranks *pari passu* in right of payment and right of security with all other Parity Water/Wastewater Obligations and senior in right of payment and right of security to all Subordinated Debt.

(d) The Ordinance Documents create a valid and binding assignment and pledge of the Pledged Collateral to secure the payment of the principal of, interest on, and other amounts payable in respect of, the WIFIA Bond; Chapter 1208, Texas Government Code, as amended (“Chapter 1208”), provides that a security interest established by an issuer that secures payment or performance of public securities, such as the Lien on, pledge of and security interest in the Pledged Collateral granted by the City in the Ordinance Documents, is valid and effective and that such security interest will remain continuously perfected without the need for any filings or further action by such an issuer until the security interest terminates according to its terms; since Chapter 1208 applies to the issuance or incurrence of the WIFIA Bond and the Lien on, pledge of and security interest in the Pledged Collateral, such security interest is valid, effective and perfected and will remain so irrespective of whether any party has notice of the pledge and without the need for any physical delivery, recordation, filing or other further act.

(e) To our knowledge, all actions by the City that are required for the application of Gross Revenues and Pledged Collateral as required under the WIFIA Loan Documents have been duly and lawfully made.

(f) The City has complied with the requirements of State law to lawfully pledge the Pledged Collateral and use the Gross Revenues and the Pledged Collateral as required by the terms of the WIFIA Loan Documents.

The foregoing opinions are subject to the qualification that the enforceability of the Ordinance Documents and the WIFIA Loan Documents are limited by, and the performance by the City of its obligations thereunder, is subject to, applicable bankruptcy, reorganization, insolvency, moratorium, liquidation or other similar laws now or hereafter enacted relating to creditors’ rights generally or by principles of equity which permit the exercise of judicial discretion.

Additionally, we are members of the State Bar of Texas and render no opinion on the laws of any jurisdiction other than the laws of the State of Texas and the federal laws of the United States of America.

Our opinions are limited to the present laws and to the facts as they presently exist. We assume no obligation to revise or supplement this opinion should the present laws of the jurisdictions referred to above be changed by legislative action, judicial decision, or otherwise.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. This opinion is being rendered solely to the addressee hereof and no other person is entitled to rely upon it without our written consent.

Very truly yours,

DRAFT