

REVOLVING CREDIT AND SECURITY AGREEMENT

dated as of July 1, 2016,

between

THE PITTSBURGH WATER AND SEWER AUTHORITY

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

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#### EXHIBITS AND SCHEDULE

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## REVOLVING CREDIT AND SECURITY AGREEMENT

THIS REVOLVING CREDIT AND SECURITY AGREEMENT, dated as of July 1, 2016 (as amended, modified or restated from time to time, this "*Agreement*"), between THE PITTSBURGH WATER AND SEWER AUTHORITY, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "*Authority*"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association, and its successors and assigns (the "*Lender*").

### RECITALS

WHEREAS, the Authority wishes to obtain a revolving line of credit (the "*Line of Credit*") from the Lender hereunder and the Lender is willing, upon the terms and subject to the conditions set forth below, to provide the Line of Credit to the Authority to finance certain capital projects (including costs of issuance relating thereto) of the Authority as permitted under the Act (as defined herein) and the Resolution (as defined herein); and

WHEREAS, all obligations of the Authority to repay the Lender for extensions of credit made by the Lender under the Line of Credit and to pay all other amounts payable to the Lender arising under or pursuant to this Agreement or the Note (as defined herein) to be issued to the Lender hereunder are created under and will be evidenced by this Agreement and such note and all obligations owed by the Authority hereunder will be payable from and secured by the hereinafter defined Collateral, all in accordance with the terms and conditions hereof;

NOW, THEREFORE, in consideration of the foregoing Recitals and other consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Lender to extend the Line of Credit to the Authority, the Authority and the Lender hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.01. Certain Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and in the Subordinate Indenture, the following terms shall have the following meanings:

"*Act*" means the Pennsylvania Municipality Authorities Act, 53 Pa. C.S.A. §5601, et seq., as amended.

"*Additional Debt*" means Authority Debt payable from the Collateral.

"*Advance*" and "*Advances*" means individually, each Revolving Advance and the Term Loan Advance under this Agreement, and collectively the Revolving Advances and the Term Loan Advance under this Agreement. Each Advance under this Agreement shall also result in a corresponding advance under the Note.

“*Advance Date*” means the date on which the Lender honors a Request for Revolving Advance and makes the funds requested available to the Authority.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” has the meaning ascribed to such term in the introductory paragraph hereof.

“*Amortization End Date*” means, with respect to the Term Loan Advance, the earlier to occur of (i) the first (1<sup>st</sup>) anniversary of the Commitment Expiration Date and (ii) the date on which the Term Loan Advance becomes due in accordance with Section 10.02 hereof.

“*Amortization Payment*” has the meaning set forth in Section 4.05 hereof.

“*Amortization Payment Date*” means (a) the Initial Amortization Payment Date and (b) the Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 4.05 hereof.

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

“*Applicable Factor*” means [REDACTED].

“*Applicable Spread*” means, initially [REDACTED], which is subject to maintenance of the Authority Rating in effect as of the Effective Date. In the event of a change in the Authority Rating, the Applicable Spread shall equal the number of basis points set forth in the Level associated with the lower Authority Rating as set forth in the schedule below:

	Authority Rating		Applicable Spread basis points (%)
	Moody's	S&P	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Any change in the Applicable Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating

system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “*global*” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority and the Lender acknowledge that as of the Effective Date the Applicable Spread is that specified above for Level I.

“*Approving Opinion*” means, with respect to any action or matter that may affect an Advance, an opinion delivered by Bond Counsel to the effect that such action (i) is permitted by this Agreement and the other Related Documents and (ii) will not adversely affect the exclusion of interest on any Advance and the Note from gross income of the Lender or any other Noteholder for purposes of federal income taxation.

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

“*Authority Rating*” means the long-term unenhanced ratings (without regard to any bond insurance policy or credit enhancement) assigned by each of Moody’s and S&P to the Authority’s First Lien Bonds.

“*Authority Related Documents*” means the Related Documents to which the Authority is a party.

“*Authorized Authority Representative*” means the Chairman, Vice Chairman, Treasurer, Executive Director or Director of Finance of the Authority, or a duly authorized designee of the Chairman of the Authority; provided that a copy of such designation shall have been provided to the Lender.

“*Available Commitment*” means, on any date, an amount equal to Commitment Amount as adjusted from time to time as follows: (a) downward in an amount equal to any Revolving Advance made to the Authority hereunder; (b) upward in an amount equal to the principal amount of any Revolving Advance (or portion thereof) repaid or prepaid in accordance with the terms hereof; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.07 or Section 10.02 hereof; and (d) downward to zero upon the expiration or termination of the Commitment Amount, the Available Commitment or the Commitment in accordance with the terms hereof; provided, that, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed the Commitment Amount at any one time.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons (“*Provider*”) undertakes to make loans to the Authority payable from and or secured by the Collateral on a basis that is senior to or on parity with the Obligations owed to the Lender hereunder or to provide funds to make payment of, or to purchase or to provide credit enhancement for any Indebtedness secured by or payable from the Collateral on a basis that is senior to or on parity with the Obligations owed to the Lender hereunder.

*"Base Rate Revolving Advance"* means a Revolving Advance that bears interest at the Revolving Advance Base Rate.

*"Bond Counsel"* means McNees Wallace & Nurick LLC, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Authority and satisfactory to the Lender.

*"Bond Trustee"* means The Bank of New York Mellon Trust Company, N.A., its successors and assigns, as bond trustee under the First Lien Indenture and the Subordinate Indenture.

*"Business Day"* means any day other than (i) a Saturday, Sunday or (ii) a day on which banks in New York, New York, are required or authorized by law or executive order to be closed, (iii) day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (iv) a day on which the office of the Lender at which Requests for Revolving Advances are required to be presented is required or authorized by law to be closed; provided that, when used in connection with a LIBOR Index Advance, the term *"Business Day"* shall also include any day on which banks are open for dealings in dollar deposits in the London interbank market.

*"Capital Additions"* means all new or additional property, which the Authority has authority to, or is required to, construct or acquire (including, without limiting the generality of the foregoing, lands, rights of way, easements and similar interests in real property and all buildings, improvements, standpipes, reservoirs, wells, flumes, sluices, canals, basins, cribs, machinery, mains, conduits, hydrants, pipes, pipe lines, service pipes, water and sewer plants and systems, dams, tanks, shops, structures, purification systems, pumping stations, fixtures, engines, boilers, pumps, meters, facilities for cogeneration and transportation and other equipment) and any and all permanent improvements, replacements, additions, extensions and betterments to real or fixed property of the Authority, which new or additional property and permanent improvements, replacements, additions, extensions and betterments shall be hereafter constructed or otherwise acquired by the Authority.

*"CERCLA"* means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499, 100 Stat. 1613.

*"City"* means the City of Pittsburgh, Pennsylvania.

*"Code"* means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and, where appropriate any statutory predecessor or any successor thereto.

*"Collateral"* means the System Revenues, subject only to the priority liens set forth in the List of Liens, attached hereto as Schedule A, pledged pursuant to this Agreement and the other Related Documents.

*"Collateral Trustee"* means The Bank of New York Mellon Trust Company, N.A., its successors and assigns, as collateral trustee under the Intercreditor Agreement.



*“Commitment”* means the agreement of the Lender pursuant to Section 2.01 hereof to make Revolving Advances under the terms hereof for the account of the Authority for the purpose of providing funds to pay for certain capital projects (including costs of issuance relating thereto) of the Authority permitted under the Act and the Resolution.

*“Commitment Amount”* means, initially as of the Effective Date, \$80,000,000, as such amount may be permanently reduced or terminated from time to time pursuant to Section 2.07 or 10.02 hereof.

*“Commitment Expiration Date”* means July 1, 2020, unless extended from time to time in accordance with the terms hereof.

*“Computation Date”* means for a LIBOR Index Advance, the second London Banking Day preceding the applicable Advance Date or the applicable Rate Reset Date, as applicable.

*“Continuing Disclosure Obligations”* means the Authority’s obligations under Rule 15c2-12, promulgated by the Securities Exchange Commission, or any successor provision, as in effect from time to time (or, in the case of a successor provision, pursuant to the successor provision) and as implemented by the Authority from time to time in respect of any of the Authority’s outstanding obligations.

*“Commonwealth”* means Commonwealth of Pennsylvania.

*“Controlled Group”* means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Authority, are treated as a single employer under Section 414 of the Code.

*“Current Expenses”* means the reasonable, proper and necessary costs of operation, maintenance and repair of the Water and Sewer System and Capital Additions and shall include, but without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, liquidity facility fees and expenses, fees and expenses of the Trustee, and authorized depositaries, an allowance for depreciation, any payments to pension or retirement funds, taxes and payments made by the Authority to the City under a Cooperation Agreement dated as of June 15, 1995 between the Authority and the City (as such agreement may be amended or supplemented or superseded from time to time).

*“Default”* means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

*“Determination of Taxability”* means and shall be deemed to have occurred on the first to occur of the following:

(a) on the date when the Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(b) on the date when the Lender or any Participant notifies the Authority that it has received a written opinion by a nationally recognized firm of attorneys of

substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) calendar days after receipt by the Authority of such notification from Lender or such Participant, the Authority shall deliver to Lender or such Participant a ruling or determination letter issued to or on behalf of the Authority by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(c) on the date when the Authority shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Authority, or upon any review or audit of the Authority or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(d) on the date when the Authority shall receive notice from Lender or any Participant that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of Lender or such Participant the interest on the Note or any Advance due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (c) or (d) hereunder unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Lender or such Participant, the Authority shall promptly reimburse the Lender or such Participant for any payments, including any taxes, interest, penalties or other charges, the Lender or such Participant shall be obligated to make as a result of the Determination of Taxability.

“Dollar” and “\$” mean lawful money of the United States.

“*Effective Date*” means July 1, 2016, subject to the satisfaction or waiver by the Lender of the conditions precedent set forth in Article IV hereof.

“*EMMA*” means the Electronic Municipal Market Access system as provided by the Municipal Securities Rulemaking Board or any successor municipal obligation disclosure system provided by the Municipal Securities Rulemaking Board.

“*Environmental Laws*” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, licenses or other governmental restrictions relating to the environment or the release of any materials into the environment, including, without limitation, each of the following, as applicable: the Pennsylvania Solid Waste Management Act, as amended, 35 P.S. 6018.101 et seq.; the Pennsylvania Clean Streams Law, as amended, 35 P.S. 691.1 et seq.; the Pennsylvania Hazardous Sites Cleanup Act, as amended, 35 P.S. 6020.101 et seq.; the Pennsylvania Storage

Tank and Spill Prevention Act, as amended, 35 P.S. 6021.101 et seq.; the Pennsylvania Hazardous Material Emergency Planning and Response Act, as amended, 35 P.S. 6022.101 et seq.; CERCLA and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901-6987; all of the foregoing in each case, together with the regulations promulgated thereunder.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

*"Event of Default"* with respect to this Agreement has the meaning set forth in Section 10.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein and, if not so assigned, any event of default or similar event or condition, the effect of which is to cause, or to permit any obligee thereunder to declare, the obligations of the Authority thereunder to become immediately due and payable.

*"Event of Taxability"* means (i) a change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with this Agreement) which has the effect of causing interest paid or payable on the Note to become includable, in whole or in part, in the gross income of the Lender or any Participant for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Note to become includable, in whole or in part, in the gross income of the Lender or any Noteholder for federal income tax purposes.

*"Excess Interest Amount"* has the meaning ascribed to such term in Section 7.02(c)(ii) hereof.

*"Excluded Taxes"* means, with respect to the Lender, any Noteholder or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender or such Owner or Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Authority is located.

*"Federal Funds Rate"* means for any day the rates calculated by the NYFRB based on such day's federal funds transactions by depository institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate. Each determination of the Federal Funds Rate by the Lender shall be deemed conclusive and binding on the Authority absent manifest error.

*"First Lien Bonds"* has the meaning set forth in the Subordinate Indenture.

*"First Lien Indenture"* means that certain Trust Indenture dated as of October 15, 1993 (the *"1993 Indenture"*), between the Authority and The Bank of New York Mellon Trust Company, N.A. as successor trustee, as heretofore amended and as the same may be amended, modified or restated in accordance with the terms thereof and hereof. *"First Lien Indenture"* also includes any indenture entered into by the Authority subsequent to the date hereof which replaces the 1993 Indenture and grants to the trustee thereunder a priority first lien on the Receipts and Revenues.

*"Fiscal Year"* means the twelve month period from January 1 through the following December 31.

*"Fitch"* means Fitch Ratings, and any successor rating agency.

*"FRB"* means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

*"Generally Accepted Accounting Principles"*, *"generally accepted accounting principles"* or *"GAAP"* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority.

*"Government Acts"* means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

*"Governmental Approval"* means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

*"Governmental Authority"* means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, commission, bureau or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

*"Incorporated Provisions"* has the meaning set forth in Section 9.08 hereof.

*"Indebtedness"* means the total of all of the Authority's issued and outstanding "Bonds" (as defined in the First Lien Indenture) and all of the Authority's "Bonds" (as defined in the Subordinate Indenture), including any other obligations for borrowed money pertaining to the construction, improvement or operations of the Authority's Water and Sewer System, whether current or long-term, senior or subordinated, including but not limited to the PennVest Loans which in accordance with generally accepted accounting principles would be included as liabilities upon the Authority's consolidated balance sheet at the date as of which Indebtedness is to be determined, and shall also include payments due under leases (whether or not capitalized) and any liabilities, whether contingent or fixed, under any interest rate swap or other rate

protection product, as well as guaranties, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, whether by agreement to purchase or otherwise acquire the obligations of others, including any agreement, contingent or otherwise, to furnish funds through the purchase of goods, supplies or services for the purpose of payment of the obligations of others; provided, however, that the foregoing shall be limited to obligations related to the construction, improvement or operations of the Authority's Water and Sewer System.

*"Indemnified Taxes"* means Taxes other than Excluded Taxes.

*"Indemnitee"* has the meaning ascribed to such term in Section 11.01 hereof.

*"Initial Amortization Payment Date"* means the day which is 180 days immediately following the Commitment Expiration Date.

*"Intercreditor Agreement"* means that certain Intercreditor Agreement dated as of July 1, 2016, among the Authority, the Collateral Trustee, the Lender and PennVest, as the same may be amended, modified or restated in accordance with the terms thereof and hereof.

*"Interest Payment Date"* means (a) with respect to any Revolving Advance, the first Business Day of each calendar month and on the Revolving Advance Maturity Date, and (b) as to any Term Loan Advance, the first Business Day of each calendar month, and on the Amortization End Date.

*"Interest Period"* means as to each LIBOR Index Advance, the period commencing on the date such LIBOR Index Advance is disbursed or converted to or continued as a LIBOR Index Advance and ending on the date one month thereafter provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a LIBOR Index Advance, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period pertaining to a LIBOR Index Advance that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Rate Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Termination Date.

*"Interpolated Rate"* means, at any time, for a one month period, the rate per annum determined by the Lender (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between (a) the LIBOR Screen Rate for the longest period for which a LIBOR Screen Rate is available that is shorter than one-month; and (b) the LIBOR Screen Rate for the shortest period for which a LIBOR Screen Rate is available that is longer than one-month.

*"Laws"* means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

*"Lender"* has the meaning set forth in the introductory paragraph hereof.

*"Lender Affiliate"* means the Lender and any Affiliate of the Lender.

*"Lender's Office"* means the Lender's address and, as appropriate, the account as set forth in Section 12.05 hereof, or such other address or account of which the Lender may from time to time notify the Authority.

*"Liabilities"* has the meaning set forth in Section 11.01 hereof.

*"LIBOR Index"* means the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for U.S. Dollars for a period equal to one-month as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Lender, in its reasonable discretion; in each case the *"LIBOR Screen Rate"*) at approximately 11:00 a.m., London time, two London Banking Days prior to the Advance Date or the Rate Reset Date, as the case may be; provided that if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; provided further that if the LIBOR Screen Rate shall not be available at such time, the *"LIBOR Index"* shall be (i) the Interpolated Rate, if available (provided if the Interpolated Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement), or (ii) if the Interpolated Rate is also unavailable, the rate determined by reference to such other comparable publicly available service for displaying interest rates for dollar deposits in the London interbank market as may be selected by the Lender, or, in the absence of such availability, by reference to the rate at which dollar deposits of \$5,000,000 and for a maturity of one month are offered by the principal London office of the Lender, in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two London Banking Days prior to the Advance Date or the Rate Reset Date, as the case may be (provided if any rate established pursuant to this clause (ii) is less than zero, such rate shall be deemed to be zero for purposes of this Agreement). The Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error.

*"LIBOR Index Rate"* means a per annum rate of interest established on each applicable Computation Date, rounded upward to the four decimal place and effective on each related Rate Reset Date equal to the product of (a) the sum of (i) the Applicable Spread plus (ii) the product of (x) the LIBOR Index multiplied by (y) the Applicable Factor, multiplied by (b) the Margin Rate Factor.

*"LIBOR Index Advance"* means a Revolving Advance that bears interest at a LIBOR Index Rate.

*"Lien"* means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

*"London Banking Day"* means any Business Day on which banks in London, England are open for business and dealing in offshore dollars.

*"Margin Rate Factor"* means the greater of (i) 1.0 and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) [REDACTED]. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate.

*"Margin Stock"* has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

*"Material Adverse Change"* means a material adverse change in (a) the business, operations, affairs, results of operations, assets, liabilities or financial condition of the Authority or (b) the business, operations, use, value, assets, liabilities or financial condition of the Water and Sewer System, in each case as determined by the Lender in its commercially reasonable discretion.

*"Maximum Federal Corporate Tax Rate"* means the marginal federal corporate income tax rate on the highest income bracket of corporations as in effect in the United States from time to time. As of the Effective Date, the Maximum Federal Corporate Tax Rate is 35%.

*"Maximum Interest Rate"* means the maximum non-usurious lawful rate of interest permitted by applicable law.

*"Minimum Outstanding Amount"* means an aggregate principal amount of Advances outstanding equal to or greater than \$[REDACTED].

*"Moody's"* means Moody's Investors Service, Inc. and any successor rating agency

*"No Default Certificate"* means a certificate delivered to the Lender in accordance with, and as described in, Section 9.05(a) or Section 9.05(b) hereof.

*"Note"* means The Pittsburgh Water and Sewer Authority, Revenue Note, Series of 2016.

*"Noteholder"* or *"Holder"* means the holder or owner of all or a portion of the Note.

*"NYFRB"* means the Federal Reserve Bank of New York.

“*Obligations*” means all amounts payable by the Authority, and all other obligations to be performed by the Authority, to, or in favor of, the Lender pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Lender for any advances or expenditures by it under any of such documents). For purposes of this Agreement, the term “*Obligations*” shall not include payments from the Authority to the Lender under any Swap Agreement.

“*Other Taxes*” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Related Document.

“*Parity Obligation*” means any Indebtedness of the Authority secured by and/or payable from the Collateral on parity with the Obligations hereunder.

“*Participant(s)*” means any bank(s) or other financial institution(s) which may purchase a participation interest from the Lender in this Agreement, the Note and certain of the Related Documents pursuant to a participation agreement between the Lender and the Participant(s).

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“*Pension Plan*” means any “employee pension benefit plan” which is (a) maintained by the Authority or (b) maintained by any other Person and to which the Authority contributes (or permits any other Person to contribute) or has an obligation to contribute, or has made contributions at any time during the immediately preceding six (6) plan years.

“*PennVest*” means the Pennsylvania Infrastructure Investment Authority.

“*PennVest Loan Documents*” means, collectively, each of those certain Funding Agreements, Loan Agreements and Account Security Agreements by and between the Authority and PennVest and the related Debt Obligation of the Authority issued in favor of PennVest, evidencing the PennVest Loans.

"PennVest Loans" means Loan Numbers [REDACTED], [REDACTED] 810, [REDACTED] 8026, 7496, 8312, [REDACTED], [REDACTED] 12696, 1362, 12608, 12587, 711, [REDACTED] 25049, 2066, and [REDACTED], and any additional loans entered into from time to time hereafter, from PennVest to the Authority, in each case, pursuant to the PennVest Loan Documents.

“*Periodic Payment*” means any regularly schedule payment payable by the Authority to the counterparty pursuant to the terms of any Swap Agreement(s); however, Periodic Payments shall not include any termination payments, costs and fees or any other sums payable under any such Swap Agreement that are not regularly scheduled payments payable by the Authority.

“*Permitted Encumbrances*” means (a) liens for taxes or assessments which are not yet due, liens for taxes or assessments or liens of judgments which are being contested, appealed or reviewed in good faith by appropriate proceedings which prevent foreclosure of any such lien or



levy of execution thereunder and against which liens, if any, adequate insurance or reserves have been provided; (b) pledges or deposits to secure payment of workers' compensation obligations, unemployment insurance, deposits or indemnities to secure public or statutory obligations or for similar purposes or letters of credit therefor; (c) those minor defects which in the opinion of the Lender's counsel, do not materially affect title to the collateral for the Authority's obligations hereunder; (d) liens in favor of the Lender; (e) the lessor's retained title to personal property which is the subject matter of a true operating lease to the Authority; (f) the First Lien Indenture; (g) liens under the Subordinate Indenture (h) liens in favor of PennVest; (i) liens securing additional Parity Obligations permitted hereby; and (j) "Permitted Liens and Title Defects" as such term is defined in the First Lien Indenture.

*"Person"* means any individual, corporation, not-for-profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

*"Prime Rate"* means the rate of interest per annum publicly announced from time to time by the Lender as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. The Prime Rate may be greater or less than the interest rates charged by the Lender to other borrowers and is not solely based or dependent upon the interest rate which the Lender may charge any particular borrower or class of borrowers. Each determination of the Prime Rate by the Lender shall be deemed conclusive and binding on the Authority absent manifest error.

*"Property"* means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

*"Qualified Interest Rate Swap Agreement"* or *"Qualified Swap Agreement"* has the meaning ascribed to such term in the Subordinate Indenture.

*"Rate Reset Date"* means the first calendar day of each Interest Period.

*"Rating Agency"* means any of S&P or Moody's, as context may require.

*"Rating Documentation"* has the meaning ascribed to such term in Section 6.01(a)(iv)(C) hereof.

*"Reduction Fee"* means an amount equal to the product of (A) the Unutilized Commitment Fee Rate in effect on the date of the permanent reduction of the Commitment pursuant to Section 2.06(a) hereof, (B) the difference between (x) the Commitment Amount prior to such reduction and (y) the Commitment Amount after the reduction and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the Commitment Expiration Date, and the denominator of which is 360.

*"Receipts and Revenues"* means any and all rates, fees, rents and charges established or to be established, levied and collected in connection with, and all other payments, receipts and revenues of whatever kind or character arising from, the operation or ownership of any property of the Authority or any part thereof (except tap or connection fees and charges to the extent such

fees or charges are pledged in accordance with the Act as a refund to such person who has paid for the construction of any extension of the Water and Sewer System or assessment revenues which are subject to the lien of assessment bonds then outstanding), payments received under Qualified Interest Rate Swap Agreements, any income earned on the moneys or investments on deposit in the Debt Service Fund, Debt Service Reserve Fund, Construction Fund, Revenue Fund, Operation and Maintenance Fund and any sinking, purchase or analogous fund created under the First Lien Indenture.

*“Related Documents”* means this Agreement, the Note, the Resolution, the Subordinate Indenture, the First Lien Indenture, the Tax Certificate and the Intercreditor Agreement, and any other documents executed in connection herewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

*“Related Party”* means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person or such Person’s Affiliates.

*“Request for Revolving Advance”* means a request for a LIBOR Index Advance made by the Authority to the Lender, in the form of Exhibit A hereto, executed and delivered on behalf of the Authority by the manual or facsimile signatures of any Authorized Authority Representative.

*“Resolution”* means the Resolution adopted by Authority on April 15, 2016, as amended, supplemented or modified from time to time in accordance with the terms thereof and hereof.

*“Revolving Advance”* is defined in Section 2.01 hereof and, as so defined, includes Base Rate Revolving Advances and LIBOR Index Advances as a “type” of Revolving Advances.

*“Revolving Advance Base Rate”* means, for any day, a fluctuating rate of interest per annum equal to the greater of (i) the ~~prime rate of interest as published in the Wall Street Journal~~ and (ii) the ~~Federal Funds Rate in effect on such time plus one percent (1.00%)~~.

*“Revolving Advance Conversion Date”* means the date on which any Revolving Advance is converted to a Term Loan Advance pursuant to the terms hereof.

*“Revolving Advance Default Rate”* means, with respect to any Revolving Advance, a rate of interest per annum equal to (i) if such Revolving Advance currently bears interest with reference to the Revolving Advance Base Rate, the Term Loan Advance Default Rate from time to time in effect and (ii) if such Revolving Advance is a LIBOR Index Advance, the sum of 4.00% *plus* the rate of interest in effect thereon (including, without limitation, the Applicable Spread) at the time of such Event of Default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the Term Loan Advance Default Rate from time to time in effect.

*“Revolving Advance Maturity Date”* means, with respect to any Revolving Advance, means the earlier to occur of (i) the Commitment Expiration Date and (ii) the date on which the Revolving Advances become due in accordance with Section 10.02 hereof.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor rating agency.

"*Sanctioned Country*" means, at any time, a country or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Sudan and Syria).

"*Sanctioned Person*" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons.

"*Sanctions*" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"*Senior Obligations*" means any Indebtedness issued or incurred by or on behalf of the Authority in accordance with the terms and conditions set forth the Related Documents and secured on a senior basis to the Lien on the System Revenues securing the payment of the Obligations hereunder, which senior obligations shall include the First Lien Bonds and the Subordinate Bonds.

"*Subordinate Bonds*" has the meaning ascribed to such term in the Subordinate Indenture.

"*Subordinate Indenture*" means that Subordinate Trust Indenture dated as of July 15, 1995, as amended and supplemented prior to the date hereof and as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the provisions hereof and thereof.

"*Swap Agreement*" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

*"System Revenues"* means all accounts, accounts receivable, contract rights and general intangibles related to or arising from the ownership or operation of the Water and Sewer System, including without limitation the proceeds of such accounts, contracts and general intangibles.

*"Tax Certificate"* means that certain Tax Exemption Certificate of the Authority relating to the Advances and dated as of July 1, 2016, as the same may be amended or supplemented from time to time.

*"Taxable Date"* means the date on which interest on the Note is first includable in gross income of the holder (thereof including, without limitation, the Lender) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

*"Taxable Period"* has the meaning ascribed to such term in Section 7.02(b) hereof.

*"Taxable Rate"* means an interest rate per annum at all times equal to the product of (a) the interest rate on the Note otherwise then in effect and (b) the Taxable Rate Factor.

*"Taxable Rate Factor"* means [REDACTED]

*"Taxes"* means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

*"Term Loan Advance"* means a Revolving Advance that is converted to a Term Loan Advance pursuant to the terms of Section 4.01 hereof on the Commitment Expiration Date.

*"Term Loan Advance Base Rate"* means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) [REDACTED] (ii) the [REDACTED] and (iii) [REDACTED] and one-half percent (3.50%).

*"Term Loan Advance Default Rate"* means, with respect to any Term Loan Advance, a rate of interest per annum equal the sum of 4.00% plus the Term Loan Advance Base Rate from time to time in effect.

*"Term Loan Advance Rate"* means with respect to any Term Loan Advance, a fluctuating rate per annum equal to (i) for the period from and including the Revolving Advance Conversion Date to but not including the date which is ninety-one (91) calendar days immediately following the Revolving Advance Conversion Date, the Term Loan Advance Base Rate from time to time in effect, and (ii) from and after the date which is [REDACTED] calendar days immediately following the Revolving Advance Conversion Date and thereafter, the Term Loan Advance Base Rate from time to time in effect plus [REDACTED] provided that from and after the occurrence of an Event of Default, *"Term Loan Advance Rate"* means the Term Loan Advance Default Rate.

*"Termination Date"* means the earliest of (i) the Commitment Expiration Date, as such date may be extended pursuant to Section 2.07 hereof, (ii) the date on which the Commitment,

the Commitment Amount and/or the Available Commitment are otherwise terminated or reduced to zero in accordance with Section 2.06 hereof and (iii) the date the Commitment terminates in accordance with Section 10.02 hereof.

*"Termination Fee"* means an amount equal to the product of (A) the Unutilized Commitment Fee Rate in effect on the date of termination of the Commitment, (B) the difference between (x) the Commitment Amount and (y) the principal amount of any permanent reduction to the Commitment or Commitment Amount pursuant to Section 2.06(a) hereof for which a Reduction Fee has been paid to the Lender and (C) a fraction, the numerator of which is equal to the number of days from and including the date of termination to and including the Commitment Expiration Date, and the denominator of which is 360.

*"Underlying Provisions"* has the meaning ascribed to such term in Section 9.08.

*"Unfunded Pension Liability"* means the excess of a Pension Plan's benefit liabilities over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan for the applicable plan year.

*"Unutilized Commitment"* means the Commitment Amount then in effect minus the principal amount of Advances then outstanding.

*"Unutilized Commitment Fee"* has the meaning set forth in Section 2.05(a) hereof.

*"Unutilized Commitment Fee Rate"* has the meaning set forth in Section 2.05(a) hereof.

*"U.S."* means the United States of America.

*"Water and Sewer System"* has the meaning ascribed to such term in the First Lien Indenture.

*Section 1.02. Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

*Section 1.03. Construction.* Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word "including" shall be deemed to mean "including but not limited to," and "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The phrase "satisfactory to the Lender" and other phrases of similar import mean "satisfactory to the Lender in its sole discretion" unless expressly otherwise provided. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

*Section 1.04. Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Sections 8.06 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Authority or the Lender may by notice to the other party hereto, require that the Lender and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority shall be the same as if such change had not been made. No delay by the Authority or the Lender in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

*Section 1.05. Times of Day.* Unless otherwise specified, all references herein to times of day shall be references to New York time (daylight or standard, as applicable).

*Section 1.06. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.* (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.06, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of, and defined terms included in, any Related Document shall be deemed to incorporate such Sections and defined terms into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections or defined terms shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

## ARTICLE II

### FACILITIES; APPLICATION AND ISSUANCE OF THE ADVANCES; PAYMENTS

*Section 2.01. Commitment.* Subject to the terms and conditions hereof, the Lender, by its acceptance hereof, agrees to make an advance or advances (each individually, a “*Revolving Advance*”) in U.S. Dollars to the Authority from time to time on a revolving basis up to the amount of the Available Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of Revolving Advances at any time outstanding shall not exceed the Commitment Amount in effect at such time. Revolving Advances may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to the terms and conditions hereof.

*Section 2.02. Application.* The Authority hereby applies to the Lender for, and authorizes and instructs the Lender to issue for its account, the Commitment in an amount equal to the Commitment Amount.

*Section 2.03. Making of Revolving Advances; Use of Proceeds.* (a) Subject to the terms and conditions of this Agreement, the Lender agrees to make Revolving Advances from time to time on any Business Day, commencing on the Effective Date and ending on the Termination Date, in amounts not to exceed at any time outstanding the Available Commitment. Each Revolving Advance shall be a LIBOR Index Advance, subject to the provisions of Section 3.03(c) hereof and the applicability of the Taxable Rate and the Default Rate pursuant to the terms hereof. Each Revolving Advance requested shall be in a minimum principal amount of \$ [REDACTED] or any integral multiples of \$ [REDACTED] in excess thereof. Each Revolving Advance shall be made solely for the purpose of providing funds to pay for capital projects (including costs of issuance relating thereto) of the Authority as permitted under the Act. The aggregate amount of all Revolving Advances made on any Advance Date shall not exceed the applicable Available Commitment (calculated without giving effect to any Revolving Advances made on such date) at 9:00 a.m. (New York time) on such date.

(b) *Reborrowing.* Within the limits of this Section 2.03, the Authority may borrow, repay pursuant to Section 3.04 hereof and reborrow under this Section 2.03. Upon any payment of the related Revolving Advance, the Available Commitment shall be reinstated as set forth in the definition of such term.

(c) *Method of Borrowing.*

(i) Each borrowing of a Revolving Advance shall be made upon the Authority’s irrevocable notice to the Lender, in the form of Exhibit A hereto with blanks appropriately completed (each, a “*Request for Revolving Advance*”). Each Request for Revolving Advance shall be signed by an Authorized Authority Representative and shall specify: (1) the Business Day of the requested Revolving Advance, which shall be at least three London Banking Days immediately succeeding the date the Lender receives the applicable Request for Revolving Advances as set forth in paragraph (ii) of this Section 2.03(c); (2) the principal amount of Revolving Advances to be borrowed, which shall not

exceed the Available Commitment as of the proposed Advance Date; (3) that the aggregate amount of the requested Revolving Advance shall be used solely for the payment of capital projects (including costs of issuance relating thereto) pursuant to the Act; and (4) after giving effect to such Revolving Advance, the aggregate principal amount of all outstanding Revolving Advances will not exceed the Commitment Amount as of the proposed Advance Date. Each Request for Revolving Advance must be received by the Lender not later than 11:00 a.m. New York time three London Banking Days immediately prior to the requested date of borrowing.

(ii) Upon receipt of a Request for Revolving Advance by the Lender not later than 11:00 a.m. New York time on the London Banking Day which is at least three London Banking Days immediately prior to the day of the proposed borrowing, the Lender, subject to the terms and conditions of this Agreement, shall be required to make a Revolving Advance by 3:30 p.m. New York time on such day of the proposed borrowing for the account of the Authority in an amount equal to the amount of the requested borrowing. Notwithstanding the foregoing, in the event such Request for Revolving Advance is received by the Lender after 11:00 a.m. New York time on a London Banking Day which is three London Banking Days immediately prior to the day of the proposed borrowing, the Lender shall be required to make the related Revolving Advance by 3:30 p.m. New York time on the fourth Business Day after receipt of the related Request for Revolving Advance, in the case of a Revolving Advance. Any Request for Revolving Advance shall be signed by an Authorized Authority Representative. Pursuant to Section 3.03 hereof, the Lender shall determine the initial LIBOR Index Rate for the Revolving Advance two London Banking Days prior to the related Advance Date. Each Revolving Advance shall be made by the Lender by wire transfer of immediately available funds to the Authority in accordance with written instructions provided by the Authority.

(iii) A Revolving Advance will be continued as a Revolving Advance for each subsequent Interest Period at the applicable LIBOR Index Rate or Revolving Advance Base Rate, as applicable, unless such Revolving Advance is repaid or prepaid by the Authority.

(iv) If the Authority fails to give a timely notice requesting a continuation, then the applicable Revolving Advances shall be made or continued as a Revolving Advance bearing interest at the applicable LIBOR Index Rate, until otherwise adjusted pursuant to the terms of this Agreement. The Lender shall promptly notify the Authority of the interest rate applicable to any Interest Period upon determination of such interest rate. During the existence of a Default or an Event of Default, no Revolving Advances may be requested or continued without the prior written consent of the Lender in its sole discretion.

*Section 2.04. Interest Rate Determinations.* The Lender shall promptly notify the Authority of the interest rate applicable to any LIBOR Index Advance upon determination of such interest rate; provided, however, that the failure by the Lender to provide notice of the applicable interest rate shall not relieve the Authority of its obligation to make payment of amounts as and when due hereunder. At any time that a Term Loan Advance is outstanding or a



Base Rate Revolving Advance, the Lender shall notify the Authority of any change in the Prime Rate or Federal Funds Rate promptly following the establishment of such change; provided, however, that the failure by the Lender to provide notice of such change shall not relieve the Authority of its obligation to make payment of amounts as and when due hereunder. Each determination by the Lender of an interest rate shall be conclusive and binding for all purposes, absent manifest error.

*Section 2.05. Fees. (a) Unutilized Commitment Fees.* The Authority agrees to pay to the Lender a nonrefundable annual fee (the "Unutilized Commitment Fee") initially accruing at a rate of [REDACTED] per annum multiplied by the daily Unutilized Commitment, which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Unutilized Commitment Fee shall be calculated based on the number of basis points set forth in the Level associated with the lower Authority Rating (the "Unutilized Commitment Fee Rate") as set forth in the schedule below multiplied by the daily Unutilized Commitment:

	Authority Rating		Unutilized Commitment Fee Rate basis points (%)
	Moody's	S&P	
Level I	[REDACTED]	[REDACTED]	[REDACTED] 2.5 bps (0.425%)
Level II	[REDACTED]	[REDACTED]	[REDACTED] 5.0 bps (0.500%)
Level III	[REDACTED]	[REDACTED]	[REDACTED] 7.5 bps (0.575%)
Level IV	[REDACTED]	[REDACTED]	[REDACTED] 10.0 bps (0.650%)

Notwithstanding the foregoing if, on any day, Advances outstanding in an aggregate principal amount less than the Minimum Outstanding Amount, and until such time as the aggregate principal amount of Advances outstanding is equal to or greater than the Minimum Outstanding Amount, the Unutilized Commitment Fee Rate shall be calculated based on the number of basis points set forth in the Level associated with the lower Authority Rating as set forth in the Schedule below:

	Authority Rating		Unutilized Commitment Fee Rate basis points (%)
	Moody's	S&P	
Level I	[REDACTED] 2 or above	[REDACTED] A or above	[REDACTED] 2.5 bps (0.850%)
Level II	[REDACTED] A3	[REDACTED] A	[REDACTED] 2.5 bps (0.925%)
Level III	[REDACTED] Baa1	[REDACTED] BBB	[REDACTED] 5.0 bps (1.000%)
Level IV	[REDACTED] Baa2	[REDACTED] BBB	[REDACTED] 10.0 bps (1.100%)

Any change in the Unutilized Commitment Fee resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. The Unutilized Commitment Fee shall be payable quarterly in arrears on the first Business Day of each January, April, July and October of each calendar year (beginning on the first such date to occur after the Effective Date) and on the Commitment Expiration Date, or such earlier date on which the Commitment may be terminated in accordance with the terms of this Agreement. The Unutilized Commitment Fee shall be calculated on the basis of 360-day year and actual days elapsed. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a "global" rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or upon the occurrence of and during the continuance of an Event of Default, in each such case the Unutilized Commitment Fee Rate shall increase automatically by       % above the Unutilized Commitment Fee Rate otherwise in effect without notice to the Authority. The Authority and the Lender acknowledge that as of the Effective Date the Unutilized Commitment Fee Rate is that specified above for Level I.

(b) *Termination or Reduction Fee.* The Authority shall pay to the Lender a Reduction Fee or Termination Fee, as applicable, in connection with each permanent reduction or termination of the Commitment Amount, the Available Commitment or Commitment pursuant to Section 2.07 hereof prior to the Commitment Expiration Date, in an amount equal to the Reduction Fee or Termination Fee, as applicable, payable on the date of such termination or each such reduction; provided, however, that no Termination Fee shall be due and payable to the Lender if the Commitment is terminated and no portion of the source of funds for such termination represents proceeds of commercial paper, variable rate demand bonds, a private placement of bonds or other debt to a bank or other similar financial institution or other similar short-term indebtedness supported by a letter of credit, liquidity facility or another form of liquidity support or credit enhancement or that is privately placed with a bank or other similar financial institution; provided, however, that, notwithstanding the foregoing, if the Authority issues commercial paper, variable rate demand bonds, a private placement of bonds or other debt to a bank or other similar financial institution or other similar short-term indebtedness supported by a letter of credit, liquidity facility or another form of liquidity support or credit enhancement (other than a facility or other form of liquidity support or credit enhancement for all of such bonds or other debt provided by, or to, the Lender or an Affiliate thereof) or that is privately placed with a bank or other similar financial institution (other than the Lender or an Affiliate thereof) prior to the Commitment Expiration Date that would have been in effect but for the early termination of the Commitment, the Authority shall pay to the Lender a fee in an amount equal to the product of the Unutilized Commitment Fee Rate that would be in effect pursuant to Section 2.05 hereof on the date of any such issuance and a fraction, the numerator of which is equal to the number of days from and including the date of such issuance to and including the Commitment Expiration Date that would have been in effect but for the early termination, and the denominator of which is 360.

(c) *Amendment, Consent or Waiver Fee.* Upon each amendment hereof, consent or waiver hereunder or under any Related Document, the Authority shall pay or cause to be paid to the Lender a fee, in each case, in a minimum amount of \$[REDACTED] plus the reasonable fees and expenses of counsel to the Lender.

(d) *Costs, Expenses and Taxes.* The Authority will promptly pay (i) within fifteen (15) days of the Effective Date the reasonable fees and disbursements of McGuireWoods LLP, special counsel to the Lender, incurred in connection with the preparation, execution, filing and administration and delivery of this Agreement and the other Related Documents, (ii) on demand, the reasonable fees and disbursements of counsel or other reasonably required consultants to the Lender with respect to advising the Lender as to the rights and responsibilities under this Agreement and the other Related Documents after the occurrence of any Default or alleged Default hereunder, or an Event of Default, (iii) on demand, all reasonable costs and expenses, if any, in connection with any waiver or amendment of, or the giving of any approval or consent under, or any response thereto or the enforcement of this Agreement, the Related Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Lender, or other reasonably required consultants and (iv) on demand, any reasonable amounts advanced by or on behalf of the Lender to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Term Loan Advance Default Rate. In addition, the Authority shall pay any and all stamp taxes, transfer taxes, documentary taxes, and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents (other than taxes based on the net income of the Lender) and agrees, to the fullest extent permitted by applicable law, to indemnify and hold the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such taxes and fees, including interest and penalties thereon. In addition, the Authority agrees to pay, after the occurrence of a Default, alleged Default or an Event of Default, all reasonable costs and expenses (including reasonable attorneys' fees and costs of settlement) incurred by the Lender in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Default, alleged Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any collection, insolvency, bankruptcy proceedings or other enforcement proceedings resulting therefrom.

(e) If the Authority shall fail to pay any amount payable under this Section 2.05 as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Term Loan Advance Default Rate. The obligations of the Authority under this Section 2.05 shall survive the termination of this Agreement.

*Section 2.06. Reduction and Termination.* (a) Subject to the provisions of Section 2.05(b) hereof, the Commitment Amount and the Available Commitment shall be reduced from time to time as requested by the Authority within three (3) Business Days of the Authority's written notice to the Lender requesting such reduction; provided, that each such reduction amount shall be in an amount equal to \$[REDACTED] or an integral multiple of \$[REDACTED] thereof. Each notice delivered by the Authority pursuant to this Section shall be irrevocable. Any reduction of the Commitment shall be permanent.

(b) Subject to the provisions of Section 2.05(b) hereof, the Authority may at any time and at its sole option terminate the Commitment upon three (3) Business Days' written notice to the Lender requesting such termination. As a condition to any such termination, the Authority shall pay or cause to be paid to the Lender all Obligations owed to the Lender. Each notice delivered by the Authority pursuant to this Section shall be irrevocable. Any termination of the Commitment shall be permanent.

(c) Each permanent reduction permitted pursuant to this Section shall be accompanied by a payment of principal sufficient to reduce the aggregate outstanding Revolving Advances after such reduction to the Commitment as so reduced. Any reduction of the Commitment to zero shall be accompanied by payment of all outstanding Revolving Advances and shall result in the termination of the Commitment. Any reduction of the Commitment that requires the repayment of any Revolving Advance shall be accompanied by any amount required to be paid pursuant to Section 2.09 hereof.

*Section 2.07. Extension of Commitment Expiration Date.* The Authority may request an extension of the Commitment Expiration Date in writing to the Lender, in the form of Exhibit B hereto not more than one (1) year prior to the then current Commitment Expiration Date. The Lender will make reasonable efforts to respond to such request within thirty (30) days after receipt of all information necessary, in the Lender's judgment, to permit the Lender to make an informed credit decision. If the Lender fails to definitively respond to such request within such 30-day period, the Lender shall be deemed to have refused to grant the extension requested. The Lender may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Lender shall have consented thereto in writing. The Lender's consent, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Lender (which may include, but shall not be limited to the delivery of an Approving Opinion of Bond Counsel).

*Section 2.08. Funding Indemnity.* In the event the Lender shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Lender to make any LIBOR Index Advance or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Lender) as a result of the failure to borrow, convert, continue or prepay any LIBOR Index Advance on the date specified in any notice delivered pursuant hereto or as result of any optional payment or prepayment of any LIBOR Index Advance on a date other than the related Rate Reset Date for any reason, whether before or after default, then, in any such case, upon the demand of the Lender, the Authority shall pay to the Lender a payment or prepayment premium, as applicable, in such amount as will reimburse the Lender for such loss, cost, or expense. Such loss, cost or expense to the Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such LIBOR Index Advance had such event not occurred, at the LIBOR Index Rate that would have been applicable to such LIBOR Index Advance, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such LIBOR Index Advance), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Lender would bid were it to bid, at the commencement of such period, for

dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Lender setting forth any amount or amounts that the Lender is entitled to receive pursuant to this Section shall be delivered to the Authority and shall be conclusive absent manifest error. The Authority shall pay the Lender the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

*Section 2.09. Payments.* All payments to be made by the Authority shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Authority hereunder shall be made to the Lender at the Lender's Office in Dollars and in immediately available funds not later than 12:00 noon, New York time, on the date specified herein. All payments received by the Lender after 12:00 noon, New York time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Authority shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

*Section 2.10. Authority Consultation with Bond Counsel Prior to Extension or Prepayment.* The Authority will consult with Bond Counsel prior to (a) requesting an extension of the Commitment Expiration Date pursuant to Section 2.07 hereof, or (b) prepaying any Revolving Advances prior to the Revolving Advance Maturity Date pursuant to Section 3.04 hereof. Bond Counsel will advise the Authority on what steps, if any, to take in connection with any such action in order to not adversely affect the exclusion of interest on the Note from gross income for federal income tax purposes, and the Authority will take such steps unless, at such time, the Lender determines in advance, in writing, that such steps shall not be required.

### ARTICLE III

#### REVOLVING ADVANCES

*Section 3.01. Making of Revolving Advances.* Each advance of funds hereunder by the Lender pursuant to a Request for Revolving Advance shall constitute a Revolving Advance made by the Lender to the Authority on the date of such advance.

*Section 3.02. Revolving Advances Evidenced by the Note.* All Revolving Advances shall be evidenced and secured by the Note issued by the Authority to the Lender pursuant to the terms of the Resolution on the Effective Date, payable to the Lender in a principal amount up to the Commitment Amount and otherwise duly completed. Each Revolving Advance made by the Lender and all payments and prepayments made on account of the principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the Note in respect of unpaid principal and interest on the Revolving Advances.

*Section 3.03. Interest on Revolving Advances.* (a) Subject to Section 3.03(c) and this Section, Revolving Advances shall bear interest at the LIBOR Index Rate pursuant to the terms of this Agreement. The Lender shall determine the LIBOR Index Rate on the Computation

Date relating to the applicable Advance Date or during the applicable Interest Period, as applicable, and such rate shall become effective on the applicable Advance Date or Rate Reset Date next succeeding the Computation Date, as applicable, and interest at such rate shall accrue each day during such Interest Period, commencing on and including the first day of such period to but excluding the last day of such period.

(b) Each LIBOR Index Advance shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof at a rate per annum equal to the applicable LIBOR Index Rate for such Interest Period. Interest on each Revolving Advance shall be payable by the Authority on each Interest Payment Date and on the Revolving Advance Maturity Date.

(c) (i) Notwithstanding anything to the contrary set forth in this Agreement or in any of the other Related Documents, if prior to the commencement of any Interest Period for a LIBOR Rate Advance:

(A) the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBOR Index Rate or the LIBO Rate, as applicable, for such Interest Period; or

(B) the Lender determines that the LIBOR Index Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to the Lender of making or maintaining its LIBOR Index Advance for such Interest Period;

then the Lender shall give notice thereof to the Authority by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Authority that the circumstances giving rise to such notice no longer exist, (i) any Request for Revolving Advance that requests the continuation of any Advance as a LIBOR Index Advance shall be ineffective, and (ii) if any Request for Revolving Advance requests a LIBOR Index Advance, such Advance shall be made as an Base Rate Revolving Advance.

(ii) Each Base Rate Revolving Advance shall bear interest from the date such LIBOR Index Advance is converted to a Base Rate Revolving Advance to the date such Base Rate Revolving Advance is paid in full at a rate per annum equal to the sum of (i) the Revolving Advance Base Rate from time to time in effect plus (ii) the Applicable Spread as determined by the Lender. Interest on all Base Rate Revolving Advances shall be paid to the Lender monthly in arrears on each Interest Payment Date and the Revolving Advance Maturity Date. Interest on all Base Rate Revolving Advances shall be calculated on the basis of a year of 365 or 366 days, as applicable, based on the actual number of days elapsed.

*Section 3.04. Repayment of Revolving Advances.* The principal of each Revolving Advance shall be repaid in full on the Revolving Advance Maturity Date; provided, that if the conditions to the making of the Term Loan Advance set forth in Section 4.02 hereof are satisfied on the Revolving Advance Maturity Date, the principal of all Revolving Advances shall be paid from the proceeds of the Term Loan Advance.

*Section 3.05. Prepayment of Revolving Advances.* The Authority may prepay any Revolving Advance, in whole or in part in a minimum principal amount of \$ [REDACTED] and integral

multiples of \$100,000 in excess thereof, on any Rate Reset Date, provided at least three (3) London Banking Days' written notice is provided by the Authority to the Lender. Each such notice of optional prepayment shall be irrevocable and shall bind the Authority to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement, including, without limitation, Section 2.09 hereof.

## ARTICLE IV

### THE TERM LOAN ADVANCE

*Section 4.01. Term Loan Advance.* The Authority shall have the option to convert the unpaid principal amount of the outstanding Revolving Advances to a Term Loan Advance on the Revolving Advance Maturity Date, if the conditions set forth in Section 4.02 hereof are satisfied on the Revolving Advance Maturity Date.

*Section 4.02. Conditions Precedent to Term Loan Advance.* The obligation of the Lender to convert the principal amount owed for the outstanding Revolving Advances to a Term Loan Advance shall be subject to the fulfillment of each of the following conditions precedent on or before the Revolving Advance Maturity Date in a manner satisfactory to the Lender:

(a) The following statements shall be true and correct on the Revolving Advance Maturity Date, and the Lender shall have received a certificate incorporating by reference the definitions of the capitalized terms defined in this Agreement, signed by an Authorized Authority Representative and dated the Revolving Advance Maturity Date, stating that:

(i) the representations and warranties of the Authority contained herein and in each of the other Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Lender pursuant hereto or thereto are true and correct on and as of the Revolving Advance Maturity Date as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing as of such Revolving Advance Maturity Date or would result from converting the outstanding Revolving Advances to a Term Loan Advance as requested.

*Section 4.03. Term Loan Advance Evidenced by Note.* The principal amount of the Term Loan Advance shall also be evidenced by the Note. The Term Loan Advance made by the Lender and all payments and prepayments on the account of the principal and interest of the Note shall be recorded by the Lender on the schedule attached to the Note; provided, however, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the Note in respect of unpaid principal and interest on the Term Loan Advance.

*Section 4.04. Interest on Term Loan Advance.* The Term Loan Advance shall bear interest from the Revolving Advance Maturity Date to the date the Term Loan Advance is paid in full therefor at a rate per annum equal to the Term Loan Advance Rate as determined by the Lender. Interest on the Term Loan Advance shall be paid to the Lender monthly in arrears on

each Interest Payment Date and on the Amortization End Date. Interest on the Term Loan Advance shall be calculated on the basis of a year of 365 or 366 days, as applicable, based on the actual number of days elapsed.

*Section 4.05. Repayment of Term Loan Advance.* The principal of the Term Loan Advance shall be paid in installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of the Term Loan Advance to be paid in full on the Amortization End Date (the period commencing on the Revolving Advance Maturity Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Amortization Payment shall be that amount of principal of the Term Loan Advance which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. The Authority acknowledges that the foregoing payment schedule may result in a final payment substantially higher than the preceding payments. Upon the occurrence of an Event of Default, the Lender may cause a mandatory prepayment of the Note by delivering a written notice to the Authority that an Event of Default has occurred and is continuing and instructing the Authority that the Note and all Advances evidenced thereby are subject to mandatory prepayment; provided that and in case of any event with respect to the Authority described in clause (f), (g) or (h) of Section 10.01 hereof, the principal of the Note and all of the Advances then outstanding, together with accrued interest thereon and all fees and other obligations of the Authority accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority.

*Section 4.06. Prepayment of Term Loan Advance.* The Authority may prepay the Term Loan Advance, in whole or in part in a minimum principal amount of \$500,000 and integral multiples of \$100,000 in excess thereof, on any Business Day, without cost, penalty or premium, provided at least three (3) days' written notice is provided by the Authority to the Lender. Each such notice of optional prepayment shall be irrevocable and shall bind the Authority to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

*Section 4.07. No Reborrowing.* No amount repaid or prepaid on the Term Loan Advance may be borrowed again.

## ARTICLE V

### PLEDGED COLLATERAL

*Section 5.01. Pledged Collateral.* As security for its obligation to make all payments and to perform all other Obligations under this Agreement and the Note and as security for all other Obligations hereunder and thereunder, the Authority hereby pledges and grants to the Lender a lien on and security interest in the System Revenues to the extent permitted by law, subject only to the priority liens set forth in the List of Liens, attached hereto as Schedule A. In the furtherance thereof, this Agreement shall constitute a security agreement as that term is defined under the Pennsylvania Uniform Commercial Code. This includes a pledge, a lien, and security interest in all System Revenues, but the existence of such security interest shall not prevent the expenditure, deposit or commingling of gross revenues and receipts by the Authority,



so long as all required payments under this Agreement, the Note and the other Related Documents are made when due. Subject to the terms of the Intercreditor Agreement, if any required payment is not made when due, any System Revenues subject to this security interest which are then on hand, not yet commingled with other funds of the Authority and not yet deposited in a bank account of the Authority, and any System Revenues thereafter received, shall not be commingled or deposited, but shall immediately, or upon receipt, be transferred to the Collateral Trustee to the extent needed to pay any Obligations due and owing hereunder or under the Note, considering all terms and conditions in this Agreement and the other Related Documents.

## ARTICLE VI

### CONDITIONS PRECEDENT

#### *Section 6.01. Conditions Precedent.*

(a) Conditions to Effective Date. The obligation of the Lender to make the Commitment available hereunder is subject to the conditions precedent that the Lender shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Lender.

(i) The following Authority documents:

(A) copies of the Resolution of the Authority approving the execution and delivery of the Related Documents to which the Authority is a party, and the other matters contemplated hereby, certified by an Authorized Authority Representative as being true and complete and in full force and effect on the Effective Date;

(B) certified copies of the Articles of Incorporation and Bylaws of the Authority and all approvals, authorizations or consents of, or notices to, or registrations with, any governmental body or agency required for the Authority to enter into this Agreement, the Authority Related Documents or any other agreement in which the Authority is named as a party and to carry out the transactions contemplated hereby and thereby;

(C) the audited annual financial statements of the Authority relating to the Water and Sewer System for the Fiscal Year ended December 31, 2015, together with internally prepared financial statements of the Authority for the period ending March 31, 2016;

(D) a copy of the most recent annual budget adopted by the Authority relating to the Water and Sewer System and any other financial information, budgets, projections, etc. as the Lender may require; and

(E) a certificate dated the Effective Date and executed by an Authorized Authority Representative certifying the names and signatures of the

persons authorized to sign, on behalf of the Authority, the Authority Related Documents and the other documents to be delivered by it hereunder or thereunder.

(ii) The following financing documents:

(A) an executed original or certified copy, as applicable, of each of the Related Documents; and

(B) an original executed Note registered in the name of the Lender; and

(iii) The following opinions, dated the Effective Date and addressed to the Lender or on which the Lender is otherwise expressly authorized to rely:

(A) from counsel to the Authority, opinions as to its legal existence and authority, corporate capacity, due authorization of transactions, due execution and delivery of documents, enforceability of this Agreement and of the other Authority Related Documents, no conflicts with law (including without limitation the Act), the Related Documents or other agreements and documents, no litigation, no consents required, valid pledge of and lien on Receipts and Revenues in favor of the Lender and such other customary matters as the Lender may request;

(B) from Bond Counsel, opinions as to the due authorization, execution and delivery of this Agreement, the Resolution and the Note, the legal and appropriate adoption of the Resolution and the validity and enforceability with respect to the Authority of this Agreement and the Note, the exclusion of interest on the Note from gross income for federal income tax purposes of the Lender, the pledge of Collateral securing the Note and the Obligations constituting a valid pledge, and such other customary matters as the Lender may reasonably request, in form and substance satisfactory to the Lender and its counsel; and

(C) each other opinion delivered by any Person on the Effective Date pursuant to the Related Documents.

(iv) The following documents and other information:

(A) a certificate dated the Effective Date and executed by an Authorized Authority Representative certifying (I) that since December 31, 2015, there has been no Material Adverse Change, (II) that the representations and warranties contained in this Agreement and the other Related Documents that are not qualified by materiality are true and correct in all material respects on the Effective Date, (III) that the representations and warranties contained in this Agreement and the other Related Documents that are qualified by materiality are true and correct in all respects on the Effective Date, (IV) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default or a Material Adverse Change, (V) since

the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any Indebtedness has not been withdrawn, suspended or reduced and (VI) that all conditions precedent set forth in this Article VI have been satisfied and complied with;

(B) true and correct copies of all Governmental Approvals, if any, necessary for the Authority to execute, deliver and perform the Authority Related Documents;

(C) recent evidence that the Authority Rating assigned by (A) Moody's is at least "A2" and (C) by S&P is at least "A" (collectively, the "Rating Documentation"); and

(D) evidence that the Authority has filed Uniform Commercial Code financing statements perfecting the grant of a security interest and lien in favor of the Lender in the Collateral.

(v) All necessary action on the part of the Authority shall have been taken as required for the pledge of the Collateral as described in Article V hereof.

(vi) The Lender shall have received a written description of all actions, suits or proceedings pending or threatened against the Authority or any of its Affiliates in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to constitute or result in a Material Adverse Change, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Lender may reasonably request.

(vii) All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Lender and its counsel, and the Lender shall have received such other statements, certificates, agreements, documents and information with respect to the Authority and the other parties to the Related Documents and matters contemplated by this Agreement as the Lender may reasonably request.

(viii) On or prior to the Effective Date, the Lender shall have received reimbursement of the Lender's fees and expenses (including the legal fees and expenses of McGuireWoods LLP) and any other fees incurred in connection with the transaction contemplated by the Related Documents.

(ix) Prior to the Effective Date, the Lender shall have determined, in its sole discretion, that (a) there has been no change in Laws (or in the Lender's interpretation or administration of any Law) that may adversely affect the consummation of the transaction and (b) no Event of Taxability has occurred.

(b) Conditions Precedent to Each Revolving Advance. The obligation of the Lender to make a Revolving Advance on any date is subject to the conditions precedent that on the proposed Advance Date:

(i) The Lender shall have received a Request for Revolving Advance as provided in Section 2.03(c) hereof;

(ii) All representations and warranties of the Authority as set forth in Article VIII hereof and each other Related Document shall be true and correct as though made on the date of such Request for Revolving Advance and on the proposed Advance Date and no Default or Event of Default shall have occurred and be continuing on the date of such Request for Revolving Advance or on the proposed Advance Date;

(iii) After giving effect to any Revolving Advance, the aggregate principal amount of all Revolving Advances outstanding hereunder shall not exceed the Commitment Amount;

(iv) The Lender shall have received satisfactory evidence that all representations and certifications of the Authority that the Lender deems necessary to maintain the tax-exempt status of the interest on the Note with respect to any Advances have been delivered and are true and correct;

(v) No Material Adverse Change shall have occurred;

(vi) The Lender shall not have received actual notice (either verbal or written) from counsel to the Authority or Bond Counsel that any opinion delivered pursuant to Section 6.01(a)(iii)(A) or (B) hereof, respectively, may no longer be relied upon; and

(vii) The Commitment and the obligation of the Lender to make a Revolving Advance hereunder shall not have terminated or been reduced pursuant to Section 10.02 hereof or pursuant to Section 2.06 hereof.

Unless the Authority shall have otherwise previously advised the Lender, in writing, delivery to the Lender of a Request for Revolving Advance shall be deemed to constitute a representation and warranty by the Authority that on the date of such Request for Revolving Advance and on the Advance Date that each of the foregoing conditions has been satisfied and that all representations and warranties of the Authority as set forth in Article VIII hereof and each other Related Document is true and correct as though made on the date of such Request for Revolving Advance and on the date of the proposed Revolving Advance and no Default or Event of Default shall have occurred and be continuing on the date of such Request for Revolving Advance or on the date of the proposed Revolving Advance and that the Authority has not received actual notice (either verbal or written) from counsel to the Authority or Bond Counsel that any opinion delivered pursuant to Section 6.01(a)(iii)(A) or (B) hereof, respectively, may no longer be relied upon.

## **ARTICLE VII**

### **THE AUTHORITY'S OBLIGATIONS**

*Section 7.01. Payment Obligations.* (a) The Authority hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations

owed to the Lender under the Related Documents and to pay any other Obligations owing to the Lender whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

*Section 7.02. Increased Payments; Determination of Taxability; Maximum Rate; Taxes.*

(a) (i) If the Lender, any Noteholder or any Participant shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty, regulation, policy, guideline, supervisory standard or directive of, or any change in the interpretation, implementation, or administration thereof by, any Governmental Authority (in each case, whether or not having the force of law), or compliance by the Lender, any Noteholder or any Participant with any request by or directive of any Governmental Authority (in each case, whether or not having the force of law), including but not limited to any such law, rule, regulation, policy, guideline, standard, directive, interpretation, application or promulgation implementing, invoking or in any way related to any provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (or any other statute referred to therein or amended thereby), regardless of the date enacted, adopted or issued, or any rules, guidelines, standards, policies, regulations, or directives promulgated by the Basel Committee on Banking Supervision or the Bank for International Settlements (or any successor or similar organizations), regardless of the date enacted, adopted or issued, shall:

(A) subject the Lender, any Noteholder or any Participant to any Tax, or change the basis of taxation of payments to the Lender, such Noteholder or such Participant of any amounts payable hereunder (except for Indemnified Taxes or Other Taxes covered by clause (e) below and the imposition of, or any change in the rate of, any Excluded Tax payable by the Lender, such Noteholder or such Participant); or

(B) impose, modify or deem applicable any reserve, liquidity, special deposit, insurance premium, fee, financial charge, monetary burden or similar requirement against the making, maintenance or funding of any loan or the making of Advances, or complying with any term of this Agreement, or against assets held by, or deposits with or for the account of, the Lender, such Noteholder or such Participant; or

(C) impose on the Lender, such Noteholder or such Participant or the London interbank market any other condition, expense or cost regarding this Agreement or Advances, and the result of any event referred to in clause (A) or (B) above or the foregoing shall be to increase the cost to the Lender, such Noteholder or such Participant of making, maintaining or funding any loan or the making or maintaining any Advance (or of maintaining its obligation to make any such Advance) or complying with any term of this Agreement or to reduce the amount of any sum received or receivable by the Lender, such Noteholder or such Participant hereunder (each such instance, referred to individually herein as a "*Reduction in Amount*" and, collectively as "*Reductions in Amount*"), then the Authority shall pay to the Lender upon demand therefor,

such additional amount or amounts as will compensate the Lender, such Noteholder or such Participant for such increased costs or Reductions in Amount.

The Lender, the Noteholder or the Participant, as applicable, shall use commercially reasonable efforts to provide to the Authority written notice of the expected occurrence of any event referred to in clause (A), (B) or (C) above for which it has actual knowledge, setting forth the anticipated additional amount or amounts that the Lender, such Noteholder or such Participant, as applicable, expects to demand from the Authority as additional compensation for such increased costs or Reductions in Amount (the "*Yield Protection Demand Notice*"), a reasonably detailed calculation of the amount or amounts claimed to be due, and the anticipated date upon which the Lender, such Noteholder or such Participant, as applicable, would make such demand upon the Authority. Notwithstanding the foregoing, a failure by the Lender, any Noteholder or any Participant to deliver to the Authority a Yield Protection Demand Notice shall in no event relieve the obligation of the Authority of any obligation under this Section 7.02(a). Additionally, nothing set forth in this Section 7.02(a) shall limit the obligation of the Authority to pay to the Lender any increased cost imposed upon the Lender, any Noteholder or Participant or Reductions in Amount suffered by the Lender, any Noteholder or Participant related to any event referred to in clause (A), (B) or (C) above.

(ii) If the Lender, any Noteholder or any Participant shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty, regulation, policy, guideline, supervisory standard or directive of, or any change in the interpretation, implementation, or administration thereof by, any Governmental Authority (in each case whether or not having the force of law), or compliance by the Lender, any Noteholder or any Participant with any request by or directive of any Governmental Authority (in each case, whether or not having the force of law), including but not limited to any such law, rule, regulation, policy, guideline, standard, directive, interpretation, application or promulgation implementing, invoking or in any way related to any provision (as now or hereafter amended) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (or any other statute referred to therein or amended thereby) or any rules, guidelines, standards, or directives promulgated by the Basel Committee on Banking Supervision or the Bank for International Settlements (or any successor or similar organizations), regardless of the date enacted, adopted or issued, shall impose, modify or deem applicable any capital (including but not limited to contingent capital) adequacy, reserve, insurance, liquidity or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Lender, any Noteholder or any Participant allocates capital resources or reserves to its commitments) that either:

(A) affects or would affect the amount of capital or reserves to be maintained by the Lender, such Noteholder or such Participant, or

(B) reduces or would reduce the rate of return on the Lender's, such Noteholder's or such Participant's capital or reserves to a level below that which the Lender, such Noteholder or such Participant could have achieved but for such circumstances (taking into consideration the policies of the Lender, such Noteholder or such Participant with respect to capital adequacy or the maintenance of reserves);

then, the Lender, such Noteholder or such Participant, as applicable, shall use commercially reasonable efforts to provide the Authority written notice of the expected occurrence of any event referred to in clause (A) or (B) above for which it has actual knowledge, setting forth the anticipated additional amount or amounts that the Lender, such Noteholder or such Participant, as applicable, expects to demand from the Authority as additional compensation for such increased cost related to any event referred to in clause (A) or (B) above (the "*Capital Adequacy Demand Notice*"), a reasonably detailed calculation of the amount or amounts claimed to be due, and the anticipated date upon which the Lender, such Noteholder or Participant would make such demand upon the Authority. Notwithstanding the foregoing, a failure by the Lender, any Noteholder or any Participant to deliver to the Authority a Capital Adequacy Demand Notice shall in no event relieve the obligation of the Authority of any obligation under this Section 7.02(a)(ii). Additionally, nothing set forth in this Section 7.02(a)(ii) shall limit the obligation of the Authority to pay to the Lender any increased cost imposed upon the Lender, any Noteholder or Participant related to any event referred to in clause (A) or (B) above.

(iii) The amounts demanded in the respective Yield Protection Demand Notice or Capital Adequacy Demand Notice or any other written notice from the Lender, a Noteholder or a Participant to the Authority making a demand on the Authority for the payment of increased costs or Reductions in Amount pursuant to this Section 7.02(a), as applicable, are intended to compensate the Lender, Noteholder or Participant, as applicable, for such increased costs or Reductions in Amount incurred by the Lender, such Noteholder or such Participant as a result of any event referred to in subsections (i) or (ii) above. Any Yield Protection Demand Notice or Capital Adequacy Demand Notice or any other written notice from the Lender, a Noteholder or a Participant to the Authority making a demand on the Authority for the payment of increased costs or Reductions in Amount pursuant to this Section 7.02(a) submitted by the Lender, any Noteholder or any Participant to the Authority shall be conclusive as to the amount thereof absent manifest error.

(iv) In making the determinations contemplated by any Yield Protection Demand Notice or Capital Adequacy Demand Notice or any other written notice from the Lender, a Noteholder or a Participant to the Authority making a demand on the Authority for the payment of increased costs or Reductions in Amount pursuant to this Section 7.02(a), the Lender, such Noteholder or such Participant, as applicable, may make reasonable estimates, assumptions, allocations and the like that the Lender, such Noteholder or such Participant, as applicable, in good faith determines to be appropriate. For purposes of this Section 7.02, the term "*Lender*" or "*Noteholder*" or "*Participant*", as applicable, shall also include any entity controlling the Lender, Noteholder or Participant or the holding company thereof. For purposes of the immediately preceding sentence, "controlling" means the power to direct the management and policies of the Lender, Noteholder or Participant directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise. The obligations of the Authority under this Section 7.02(a) shall survive the termination of this Agreement and repayment of all Obligations hereunder.

Notwithstanding anything herein to the contrary, no Participant shall be entitled to receive payment pursuant to Section 7.02(a) hereof in an amount greater than the amount which would have been payable had the Lender not granted a participation to such Participant.

(b) *Determination of Taxability.* (i) In the event a Determination of Taxability occurs, the Authority hereby agrees to pay to the Lender, any Participant or the Noteholder on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Lender, such Participant or Noteholder, as applicable, on the Note with respect to the Advances during the period for which interest on the Note is included in the gross income of the Lender, such Participant or the Noteholder, as applicable, if the Note had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Lender, such Participant or such Noteholder, as applicable, during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Lender, such Participant or the Noteholder, as applicable, as a result of interest on the Note becoming included in the gross income of the Lender, such Participant or the Noteholder, as applicable, together with any and all reasonable attorneys' fees, court costs, or other out of pocket costs incurred by the Lender, such Participant or the Noteholder, as applicable, in connection therewith;

(ii) Subject to the provisions of clause (iv) below, the Lender shall afford the Authority the opportunity, at the Authority's sole cost and expense, to promptly contest (and in any event within three (3) months of such amendment or challenge, as the case may be) (1) the validity of any amendment to the Code which causes the interest on the Note with respect to the Advances to be included in the gross income of the Lender, such Participant or the Noteholder or (2) any challenge to the validity of the tax exemption with respect to the interest on the Note, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); provided that during such contest, the Authority agrees that it shall continue to pay to the Lender all amounts payable pursuant to subsection (b)(i) above;

(iii) If the Lender determines, in its sole discretion exercised in good faith, that it has received a payment of amounts pursuant to the proviso set forth in Section 7.02(b)(ii) that exceeds the amount otherwise owed to it, it shall pay to the Authority an amount equal to such overpayment, net of all out-of-pocket expenses (including Taxes) of the Lender and without interest. The Authority, upon the request of the Lender, shall repay to the Lender the amount paid over pursuant to this paragraph (iii) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the Lender is required to repay such amount to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (iii), in no event will the Lender be required to pay any amount to the Authority pursuant to this paragraph (iii) the payment of which would place the Lender in a less favorable net after-Taxes position than the Lender would have been in if the amount giving rise to such refund had never been paid. This paragraph shall not be construed to require the Lender to make available its tax returns (or any other information relating to its Taxes or otherwise that it deems confidential) to the Authority or any other Person; and

(iv) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse the Lender, such Participant or the Noteholder, as applicable, for any and all expenses (including reasonable attorneys' fees for services that may be required or desirable, as determined by the Lender, such Participant or the Noteholder, as applicable,



in its sole discretion) that may be incurred by the Lender, such Participant or such Noteholder, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse the Lender, such Participant or such Noteholder for any payments, including any taxes, interest, penalties or other charges payable by the Lender, such Participant or the Noteholder, as applicable, for failure to include such interest in its gross income.

(c) *Maximum Interest Rate.* (i) If the amount of interest payable for any period in accordance with the terms hereof or the Note exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable for any period but for the operation of the immediately preceding subclause (i) shall accrue and be payable as provided in this subclause (ii) and shall, less interest actually paid to each Noteholder for such period, constitute the "*Excess Interest Amount.*" If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Noteholder of the entire Excess Interest Amount. All amounts of interest payable on the Note, including, without limitation, Excess Interest Amount, shall constitute interest on such Note.

(iii) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Note remains unpaid, the Authority shall pay to each Noteholder a fee equal to any accrued and unpaid Excess Interest Amount.

(d) *Taxes.*

(i) Any and all payments by or on account of any obligation of the Authority hereunder or with respect to the Note shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if the Authority shall be required by applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (A) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender, the Noteholder or the Participant, as applicable, receives an amount equal to the sum it would have received had no such deductions been made, (B) the Authority shall make such deductions and (C) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

(ii) Without limiting the provisions of subsection (i) above, the Authority shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(iii) The Authority shall indemnify the Lender, each Noteholder and each Participant, upon demand therefor, for the full amount of any Indemnified Taxes or Other

Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender, such Noteholder or such Participant, as applicable, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Authority by the Lender, such Noteholder or such Participant shall be conclusive absent manifest error. In addition, the Authority shall indemnify the Lender, such Noteholders and such Participants, upon demand therefor, for any incremental Taxes that may become payable by the Lender as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Lender, the Noteholders and the Participants, pursuant to subsection (iv) below, documentation evidencing the payment of Taxes.

(iv) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Authority to a Governmental Authority, the Authority shall deliver to the Lender, such Noteholder or such Participant, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender, such Noteholder or such Participant, as applicable.

(e) *Survival.* The obligations of the Authority under this Section 7.02 shall survive the termination of this Agreement and the redemption or other payment in full of the Note and the other Obligations.

*Section 7.03. Taxable Rate; Default Rate.* (a) Subject to subparagraph (b) below, from and after any Taxable Date, the interest rate on the Note shall be established at a rate at all times equal to the Taxable Rate.

(b) Any and all amounts remaining unpaid when due under this Agreement shall bear interest at the Revolving Advance Default Rate, with respect to Revolving Advances, and the Term Loan Advance Default Rate, with respect to Term Loan Advances and other Obligations owed by the Authority hereunder until repaid and shall be payable upon demand. Any such amounts which constitute interest remaining unpaid when due shall be added to principal, and such interest shall, in turn, bear interest at the Revolving Advance Default Rate, with respect to Revolving Advances and the Term Loan Advance Default Rate, with respect to Term Loan Advances, and other Obligations owed by the Authority hereunder until repaid and shall be payable upon demand. Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the greater of the (i) Revolving Advance Default Rate, with respect to Revolving Advances, and the Term Loan Advance Default Rate, with respect to Term Loan Advances and other obligations owed by the Authority hereunder and (ii) the interest rate that otherwise would be applicable to such Obligations but for the provisions of this paragraph, which shall be payable by the Authority to the Lender upon demand therefor and be calculated on the basis of a 365 or 366 day year, as applicable, and actual days elapsed.

(c) All amounts paid pursuant to this Agreement shall be non-refundable (subject to Section 7.02(b) hereof) and shall be paid in immediately available funds.

*Section 7.04. Liability of the Lender.* Neither the Lender nor any of its officers, directors, employees, representatives or agents shall be liable or responsible for (i) the use which may be made of any Advances or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Lender in connection with this Agreement, any Advances or the Note, (ii) any action, inaction or omission which may be taken by the Lender in connection with this Agreement, any Advances or the Note, (iii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iv) payment by the Lender against presentation of documents which do not comply with the terms of this Agreement or a Request for Revolving Advance, including failure of any documents to bear any reference or adequate reference to this Agreement, or (v) any other circumstances whatsoever in making or failing to make payment under this Agreement or pursuant to a Request for Revolving Advance, except for acts or events described in the immediately preceding clauses (i) through (v), to the extent, but only to the extent, of any direct, as opposed to special, indirect, consequential or punitive, damages (the right to receive special, indirect, consequential or punitive damages being hereby waived) suffered by it which the Authority proves in a court of competent jurisdiction by a final and non-appealable judgment were caused by the Lender's willful misconduct or gross negligence. The Authority further agrees that any action taken or omitted by the Lender under or in connection with this Agreement or the related draft or documents, if done without willful misconduct or gross negligence, shall be effective against the Authority as to the rights, duties and obligations of the Lender, and shall not place the Lender under any liability to the Authority. In furtherance and not in limitation of the foregoing, the Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

*Section 7.05. Obligations Absolute.* The payment obligations of the Authority under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

- (a) any lack of validity or enforceability of this Agreement, the Note or any of the other Related Documents;
- (b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;
- (c) the existence of any claim, set-off, defense or other right which the Authority may have at any time against the Lender, any other Noteholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or
- (d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Lender acknowledges the Authority may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The

Authority's payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

## ARTICLE VIII

### REPRESENTATIONS AND WARRANTIES

The Authority makes the following representations and warranties to each Noteholder:

*Section 8.01. Existence and Power.* The Authority is a body corporate and politic, duly organized and legally existing under the Act and in good standing under the laws of the Commonwealth of Pennsylvania and has the legal power and authority to authorize, enter into and perform this Agreement and each of the Related Documents in which it is named as a party, to fulfill its obligations set forth herein and therein and to carry out the transactions contemplated hereby and thereby. The Authority has all requisite corporate power to own and operate its Property and to carry on its business as now conducted and as proposed to be conducted.

*Section 8.02. Due Authorization.* Pursuant to the Capital Lease Agreement between the Authority and the City dated as of July 15, 1995, the Authority has good and marketable leasehold title to each portion of the real estate constituting the Water and Sewer System and good and merchantable leasehold title to all of its other assets now carried on its books as part of the Water and Sewer System, free of any mortgages, pledges, charges, liens, security interests or other encumbrances, except as expressly permitted under Section 9.15(a). The Authority enjoys peaceful and undisturbed possession under all leases under which it is operating, and all said leases are valid and subsisting and in full force and effect.

*Section 8.03. Valid and Binding Obligations.* This Agreement and the other Related Documents and any other documents delivered to the Lender and/or the Trustee by the Authority pursuant hereto are the valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

*Section 8.04. Noncontravention.* The execution, delivery and performance by the Authority of this Agreement and the other Related Documents (a) have been duly authorized by all necessary corporate action, (b) will not require any consent of any third party not obtained prior to the Effective Date, and (c) will not conflict with, violate the provisions of, or cause a default or constitute an event which, with the passage of time or the giving of notice or both, could constitute a default on the part of the Authority under any contract, agreement, law, rule, order, ordinance, franchise, instrument or other document or under any provision of the Act, the First Lien Indenture or the Subordinate Indenture or result in the imposition of any lien or encumbrance on any property or assets of the Authority, except for the liens in favor of the Lender and/or the Trustee and/or PennVest.

*Section 8.05. Pending Litigation and Other Proceedings.* There are no actions, suits, proceedings or investigations pending or, to the knowledge of the Authority, threatened,

anticipated or contemplated (nor, to the knowledge of the Authority, is there any basis therefor) against or affecting the Authority before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which could prevent or hinder the consummation of the transactions contemplated hereby or call into question the validity of this Agreement, any of the other Related Documents or any other instrument provided for or contemplated by this Agreement or any action taken or to be taken in connection with the transactions contemplated hereby or thereby or which in any single case or in the aggregate might result in any Material Adverse Change or any material impairment of the right or ability of the Authority to carry on its operations as now conducted or as proposed to be conducted or a Material Adverse Change.

*Section 8.06. Financial Statements.* The audited financial statements of the Authority as of December 31, 2015, heretofore delivered to the Lender, are each complete and accurate, and each of same fairly presents the financial condition of the Authority as at the date thereof, having been prepared in accordance with generally accepted accounting principles. The Authority has no liability, contingent or otherwise, not disclosed in the aforesaid financial statements or in any notes thereto that could materially affect the financial condition of the Authority. There has been no Material Adverse Change. None of the business, condition and operations of the Authority, nor any of its Property has been materially adversely affected as the result of any legislative or regulatory change, any revocation or change in any franchise, license or right to do business, or any other event or occurrence, whether or not insured against. Except as disclosed in writing to the Lender, (a) the Authority has not experienced any material controversy or problem with its employees or with any labor organization and (b) the Authority has not entered into any material transaction other than in the ordinary course of business (including loans from PennVest) which has resulted or could reasonably be expected to result in a Material Adverse Change.

*Section 8.07. Pension Plans.* The Authority has not established, does not maintain or contribute to any Pension Plan, and has not made any prior contributions to any Pension Plan; and there are no pending or threatened claims, actions or lawsuits, or action by any Governmental Authority against or involving the Authority with respect to any Pension Plan.

*Section 8.08. No Defaults.*

(a) The Authority is not in violation of any term of the Act, the First Lien Indenture or the Subordinate Indenture. The Authority is not in violation of any material term of any mortgage, indenture, judgment, decree or order, or any other material instrument, contract or agreement applicable to the Authority.

(b) The Authority is in compliance with all requirements of the Act, the First Lien Indenture and the Subordinate Indenture, and all approvals thereunder have been obtained with respect to the Note and this Agreement, and no further action is required in connection therewith.

(c) Except as repaid in accordance with their terms, the PennVest Loans remain in full force and effect, the Authority is in compliance with all requirements of the PennVest Loan Documents, and all approvals thereunder have been obtained with respect to the Note and this Agreement and the pledge of the Collateral to secure the Obligations hereunder, and no further action is required in connection therewith.

(d) To the best knowledge of the Authority after due inquiry, the Authority is in compliance with all requirements of law, federal, state and local, and all requirements of all governmental bodies or agencies having or claiming jurisdiction over it, the conduct of its business and the use of its Property, as presently conducted and used, and all premises occupied by it, all to the extent that failure to comply with any of such requirements could (singly or in the aggregate) have a material adverse effect on the business or financial condition of the Authority.

(e) No Default or Event of Default has occurred and is continuing hereunder, and no "default" or "event of default" under, and as defined in, any of the other Related Documents has occurred and is continuing.

*Section 8.09. Insurance.* All insurance policies required to be maintained hereunder and under the other Related Documents are maintained by the Authority and are valid and in full force and effect. No notice has been given or claim made and, to the best of the Authority's knowledge, no grounds exist to cancel or void any of such policies or to reduce the coverage provided thereby. Such policies and bonds provide adequate coverage in amounts sufficient to insure the assets and risks of the Authority in accordance with prudent business practices.

*Section 8.10. Condition of Water and Sewer System.*

(a) As of the date hereof, no material part of the Water and Sewer System has been damaged by fire or other casualty which has not been repaired or is being repaired in the ordinary course.

(b) There are no easements, restrictions or encumbrances across or affecting any of the Water and Sewer System which could have any adverse effect upon the operation of any of the improvements at the Water and Sewer System for their intended purpose, nor which could in any material way interfere with the construction of any such improvements.

(c) All utility services necessary for the operation of the improvements at the Water and Sewer System for their intended purpose are available at the boundary of the Water and Sewer System, including, without limitation, water supply, storm and sanitary sewer facilities, gas, electric and telephone facilities and are of sufficient capacity to service adequately such improvements and all necessary governmental regulatory consents to the connecting of such facilities to such improvements have been obtained (which consents are not on a provisional, temporary or "stand-by" basis).

*Section 8.11. Incorporation by Reference.* The representations and warranties of the Authority contained in the other Authority Related Documents, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Authority in such Sections are hereby made for the benefit of the Lender. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Lender.

*Section 8.12. Correct Information.* Neither this Agreement, nor the financial statements referred to herein, nor any other agreement, document, certificate or written statement furnished or to be furnished to the Lender by or on behalf of the Authority in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. There is no fact within the special knowledge of any of the officers of the Authority which has not been disclosed herein or in writing by it to the Lender and which materially adversely affects or in the future in their opinion may, insofar as they can now reasonably foresee, materially adversely affect the business, Property or financial condition of the Authority. There is no fact known to the Authority which materially adversely affects or in the future may (so far as the Authority can now reasonably foresee) materially adversely affect the operations, Property or financial condition of the Authority which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to the Lender or its counsel by or on behalf of the Authority prior to the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

*Section 8.13. Investment Company.* The Authority is not an "investment company" or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

*Section 8.14. Margin Stock.* The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of any proceeds of the Advances have been or will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or in any other manner which would involve a violation of any of the regulations of the FRB.

*Section 8.15. Tax-Exempt Status.* The Authority has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the excludability of interest on the Advances or the Note from gross income for federal income tax purposes or the exemption of interest on the Advances or the Note from Commonwealth personal income taxes.

*Section 8.16. Solvency.* After giving effect to the transactions contemplated hereby, the Authority (a) will be able to pay its debts as they become due, (b) will have funds and capital sufficient to carry on its business as now conducted and as intended to be conducted and (c) is not insolvent and will not be rendered insolvent as determined by applicable Law.

*Section 8.17. Security.* This Agreement creates a valid pledge of and lien on the System Revenues, subordinate only to the priority liens set forth in the List of Liens, attached hereto as Schedule A, as security for the punctual payment of the interest and principal due with respect to the Note and all other Obligations. All action necessary to create the pledge of and lien on the System Revenues as set forth in this Agreement have been duly and validly taken. The Authority's obligation to pay the principal of and interest on the Note and its other Obligations hereunder is *pari passu* with its obligation to pay the principal of and interest on the PennVest Loans, and no other obligations of the Authority are on parity with, or subordinate to, the security interest of the Lender hereunder and under the Note. Section 5.01 of this Agreement

creates a valid pledge of and lien on the System Revenues as security for the punctual payment when due of the principal of and interest on the Note and the other Obligations.

*Section 8.18. Pending Legislation and Decisions; Other Agreements.*

(a) To the knowledge of the Authority, there are no proposed changes of law which would adversely affect this Agreement, the other Related Documents or the transactions contemplated thereby, or the rights of the Lender hereunder or thereunder.

(b) The Authority is not a party to any contract or agreement, the terms of which now have or, as far as can be reasonably foreseen, may have a material adverse effect on the financial condition, business or Property of the Authority.

*Section 8.19. Environmental Matters.* To the best knowledge of the Authority after due inquiry, the Authority and each portion of the Water and Sewer System are in compliance in all material respects with all Environmental Laws, and no violation of any Environmental Laws has occurred and is continuing which could have a material adverse effect on the Authority or on the value or use of any of the Water and Sewer System.

*Section 8.20. No Immunity.* The Authority is not entitled to claim the defense of sovereign immunity in any contract-based action, suit or proceeding arising under or relating to this Agreement or any other Authority Related Document (a) for monetary damages or (b) for the execution or enforcement of any judgment, nor may there be attributed to the Authority any such immunity (whether or not claimed).

*Section 8.21. No Public Vote or Referendum.* There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to have materially adversely effect on the transactions contemplated hereby and by the other Related Documents or the business, Property or financial condition of the Authority.

*Section 8.22. Qualified Swap Agreements.* The Authority represents that only Periodic Payments under any Qualified Swap Agreement relating to the First Lien Bonds and/or the Subordinate Bonds are and, so long as any Obligations remain outstanding under this Agreement, will constitute Senior Obligations or Subordinate Obligations, as applicable; and that all other payments under any Qualified Swap Agreement relating to the First Lien Bonds and/or the Subordinate Bonds, including without limitation termination payments, are and, so long as any Obligations remain outstanding under this Agreement, will be subordinate to any and all Obligations.

*Section 8.23. Anti-Corruption Laws and Sanctions.* The Authority and its officers and employees and to the knowledge of the Authority, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) the Authority or, to the knowledge of the Authority, any of its directors, officers or employees, or (ii) to the knowledge of the Authority, any agent of the Authority that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.



## ARTICLE IX

### COVENANTS OF THE AUTHORITY

The Authority covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, except in any instance in which the Lender specially agrees in writing to any performance or noncompliance, that:

*Section 9.01. Existence, Etc.*

(a) The Authority will preserve and maintain its legal existence and good standing as a municipal authority in the Commonwealth.

(b) The Authority will not liquidate, or dissolve, or merge or consolidate with any person, firm, corporation or other entity, or permit any change in control of the Authority, or sell, lease, transfer or otherwise dispose of all or any substantial part of its property or assets, whether now owned or hereafter acquired, provided that any change in members of the Board of Directors of the Authority shall not be deemed to be a change in control of Authority.

*Section 9.02. Maintenance of Properties.* The Authority will maintain and preserve all of its Property constituting the Water and Sewer System and necessary or useful in the proper conduct of its business in good working order and condition, making all necessary repairs thereto and replacements thereof.

*Section 9.03. Compliance with Laws.* The Authority will comply with the requirements of the Act and all other applicable laws, rules, regulations and the orders of any governmental authority applicable to it or any of its business or Property, failure to comply with which could (singly or in the aggregate) have a material adverse effect on the business or financial condition of the Authority or on the value or operations of any portion of the Water and Sewer System.

*Section 9.04. Insurance.* The Authority shall maintain in full force and effect all insurance required by law, this Agreement and the other Related Documents. The Lender acknowledges that the Authority is self-insured with respect to general liability claims.

*Section 9.05. Reports.* The Authority shall furnish to the Lender in form and detail satisfactory to the Lender:

(a) *Annual Report.* As soon as available and in any event within two hundred (200) calendar days after the end of each Fiscal Year of the Authority, a copy of the annual audited financial statements of the Authority for such Fiscal Year, consisting of the statement of income and statement of cash flows of the Authority as of the close of such Fiscal Year and a balance sheet of the Authority for such period, and accompanying notes thereto, all prepared in accordance with the accounting practice used by the Authority in its immediately preceding Fiscal Year and in reasonable detail showing in comparative form the figures for the previous Fiscal Year, together with (i) an opinion thereon of a firm of independent public accountants of recognized national standing, selected by the Authority and reasonably satisfactory to the Lender, to the effect that the financial statements described herein have been prepared in accordance with the accounting practice used by the Authority in its immediately preceding

fiscal year and present fairly in accordance with the accounting practice used by the Authority in its immediately preceding fiscal year the financial condition of the Authority as of the close of such fiscal year and the results of its operations and cash flows for the fiscal year then ended and that an examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances, together with and (ii) a No Default Certificate signed by an Authorized Authority Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(b) *Unaudited Quarterly Financials.* As soon as available, and in any event within sixty (60) calendar days after the close of each fiscal quarter of each Fiscal Year, (i) unaudited trial balance cash base profit and loss statement and balance sheet of the Authority, prepared by the Authority, and (ii) unaudited financial statements of the Authority, including a balance sheet and income statement, prepared by the Authority in accordance with generally accepted auditing standards, subject to normal year-end audit adjustments and the absence of footnotes, in each case, certified by the chief financial officer of the Authority or an Authorized Authority Representative, together with a No Default Certificate signed by an Authorized Authority Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default;

(c) *Budget.* Promptly upon adoption by the Authority, a copy of the adopted operating budget for the Fiscal Year commencing on the immediately following February 1;

(d) *Covenant Calculations.* Concurrently with the delivery thereof to the Trustee and the trustee under the First Lien Indenture, copies of the annual debt service coverage calculations and compliance certificates required under the Subordinate Indenture and the First Lien Indenture, respectively;

(e) *Trustee, Notices.* As soon as available all notices, certificates, instruments, letters and written commitments in connection with any of the Related Documents provided to or by the Bond Trustee under the First Lien Indenture and/or Subordinate Indenture other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance, administration and payment of the First Lien Bonds and/or Subordinate Bonds;

(f) *Offering Memorandum and Material Event Notices.* (i) Within ten (10) calendar days after the issuance of any issue of First Lien Bonds or Subordinate Bonds or any other securities by the Authority with respect to which a final official statement or other offering or disclosure document has been prepared by the Authority, (A) a copy of such official statement or offering circular or (B) notice that such information has been filed with EMMA and is publicly available; and (ii) (A) all information, as and when required to be filed or delivered pursuant to

the Authority's Continuing Disclosure Obligations, or (B) notice that such information has been filed with EMMA and is publicly available;

(g) *Notice of Default or Event of Default.* Prompt written notice of any action or proceeding instituted by or against the Authority or as to which the Authority shall have received written notice or of which it has actual knowledge which constitutes an Event of Default under this Agreement or a default by the Authority under any Bank Agreement or any other material contract, instrument or agreement to which it is a party or by which it or any of its Property may be bound or to which it or any of its Property may be subject, in each case, specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto;

(h) *Consultant Reports.* Promptly after receipt thereof, the Authority shall furnish or cause to be furnished to the Lender, any consultant reports required by the First Lien Indenture or the Subordinate Indenture;

(i) *Ratings Change.* As soon as practicable, notice of any change in, or the suspension, withdrawal or unavailability of, any rating on any First Lien Bonds or Subordinate Bonds;

(j) *Evidence of Insurance.* Promptly upon request therefor by the Lender from time to time, such insurance policies and other documentation and information requested by the Lender in order to evidence compliance with Section 8.09; and

(k) *Amendments to Cooperation Agreement.* Promptly after execution thereof, a copy of any amendment, supplement or other modification to that certain Cooperation Agreement dated as of June 15, 1995, as amended prior to the date hereof, between the Authority and the City.

(l) *Copies of PennVest Loan Documents and Amendments.* Promptly after execution thereof, (i) a copy of any PennVest Loan Documents, and (ii) a copy of any amendment, supplement or other modification to any of the PennVest Loan Documents.

(m) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Authority and the Water and Sewer System as the Lender may from time to time reasonably request.

*Section 9.06. Maintenance of Books and Records.* The Authority will keep proper and complete records and books of account in which complete entries will be made in accordance with generally accepted accounting principles consistently applied reflecting all financial transactions of the Authority and the Water and Sewer System. All financial statements hereafter delivered by the Authority to the Lender under this Agreement will be complete and accurate and will fairly present the financial condition of the Authority and the Water and Sewer System as at the dates thereof and for the periods covered thereby, and all of same will be prepared in accordance with generally accepted accounting principles consistently applied.

*Section 9.07. Access to Books and Records.* The Authority will permit the Lender and its duly authorized representatives and agents to visit and inspect any of the properties, corporate

books and financial records of the Authority, to examine and make copies of the books of accounts and other financial records of the Authority and to discuss the affairs, finances and accounts of the Authority with, and to be advised as to the same by, its officers and independent public accountants (and by this provision the Authority authorizes such accountants to discuss with the Lender the finances and affairs of the Authority) with reasonable advance notice and at such reasonable times and reasonable intervals as the Lender may designate.

*Section 9.08. Compliance with Documents.* The Authority agrees that it will perform and comply with each and every covenant (including, without limitation, all financial covenants) and agreement required to be performed or observed by it in the Subordinate Indenture and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Lender and shall be enforceable against the Authority (such enumerated covenants, agreements and defined and interpretative terms, the "*Underlying Provisions*"; the Underlying Provisions as so incorporated, the "*Incorporated Provisions*"). To the extent that any such Underlying Provision permits the Authority, the Trustee or any other party to waive compliance with such Underlying Provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority, the Trustee or any other party, for purposes of this Agreement, the corresponding Incorporated Provision shall be complied with unless it is specifically waived by the Lender in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Lender which shall only be evidenced by the written approval by the Lender of the same. Except as permitted by Section 9.14 hereof, no termination or amendment to any Underlying Provision, shall be effective to terminate or amend any Incorporated Provision or release the Authority with respect thereto in each case without the prior written consent of the Lender, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding any termination or expiration of any Underlying Provision, the Authority shall continue to observe the covenants therein contained for the benefit of the Lender until the termination of this Agreement and the payment in full of the Note and all other Obligations. All such Incorporated Provisions shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

*Section 9.09. Rate Covenant.* The Authority agrees to charge rates, fees, rentals and charges for its facilities and services as required by the Related Documents.

*Section 9.10. No Impairment.* The Authority will neither take any action, nor cause the Trustee to take any action, under the Subordinate Indenture or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Lender under this Agreement or any other Related Document or which would result in any material impairment of the value of any Collateral.

*Section 9.11. Application of Proceeds.* (a) The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from the Advances being made hereunder from being applied in a manner other than to finance certain capital

projects (including costs of issuance relating thereto) of the Authority as permitted under the Act and the Resolution.

(b) The Authority will not request, nor cause any other Person to request, any Advance hereunder, and the Authority shall not use, and shall not permit its officers, employees and agents to use, the proceeds of any such Advance (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

*Section 9.12. Trustee.* The Authority shall not permit the Trustee (in its capacity as trustee under the First Lien Indenture or the Subordinate Indenture) to resign, or select a different trustee under the First Lien Indenture or the Subordinate Indenture, as the case may be, without the prior written consent of the Lender, which consent shall not be unreasonably withheld.

*Section 9.13. Personnel.* The Authority will employ personnel necessary for the operation and maintenance of the Water and Sewer System.

*Section 9.14. Related Documents.*

(a) The Authority agrees that it will perform and comply with each and every covenant (including, without limitation, all financial covenants) and each and every agreement required to be performed or observed by it under all material obligations under contracts, instruments and agreements to which it is a party.

(b) The Authority shall not amend, supplement or otherwise modify, or consent to any amendment, supplement or modification of, the First Lien Indenture, the Subordinate Indenture or any other Related Document in any manner which could reasonably be expected to have an adverse effect on the rights or interests of the Lender hereunder or thereunder, without the prior written consent of the Lender, which consent shall not be unreasonably withheld; provided, however, that this paragraph shall not prohibit any issuance of additional Senior Obligations or PennVest Loans if no Default or Event of Default has occurred and is continuing and if the conditions precedent or other conditions applicable to the issuance of such additional Senior Obligations or PennVest Loans have been satisfied.

*Section 9.15. Liens; Judgments.*

(a) The Authority will not create, incur or permit to exist any lien on the Collateral except for Permitted Encumbrances.

(b) The Authority will not permit any uninsured judgment in excess of \$1,000,000 individually or in the aggregate obtained against it to remain unpaid for a period of thirty (30) days following the entry thereof without obtaining a stay of execution or causing such judgment to be bonded.

*Section 9.16. Disclosure to Participants.* The Authority shall permit the Lender to disclose the financial information received by it pursuant to this Agreement to each Participant pursuant to Section 9.13 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

*Section 9.17. Other Agreements.* In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement under which any person or persons undertakes to make loans or extend credit or liquidity, in each case secured by any Subordinate Receipts and Revenues, on a parity with the obligations of the Authority to the Lender hereunder, to or for the account of the Authority, which provides such Person with more restrictive covenants, additional or different events of default, greater rights and remedies and/or acceleration rights than are provided to the Lender in this Agreement (collectively, the "*Additional Rights*"), then, upon the occurrence of an event of default or an event or condition which with the giving of notice or lapse of time or both would become an event of default (each such event referred to herein as a "*potential default*") (without regard to a waiver of such potential default or event of default) under such Bank Agreement caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights; provided, however, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights only from and after the occurrence of an event of default or an event or condition which with the giving of notice or lapse of time or both would become an event of default (without regard to a waiver of such potential default or event of default) under the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default or an event or condition which with the giving of notice or lapse of time or both would become an event of default (without regard to a waiver of such potential default or event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, provided that the Lender shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment.

*Section 9.18. No Immunity.* The Authority agrees that it will not assert any immunity it may have as a governmental entity against lawsuits with respect to the enforcement of any of the obligations of the Authority under this Agreement or any other Related Documents.

*Section 9.19. Investments.* The Authority will invest its moneys in accordance with the Act, the First Lien Indenture and prudent business practices for an entity of like size and character.

*Section 9.20. Payment of Obligations.* The Authority will pay promptly when due any and all amounts owing to the Lender hereunder, and the Authority shall provide in each annual operating budget all amounts required to be paid by the Authority under this Agreement (during the period covered by such annual operating budget).

*Section 9.21. Use of Lender's Name.* The Authority shall not include any information concerning the Lender (other than identifying the Lender as a party to its contracts with the

Authority) that is not supplied in writing, or otherwise consented to, by the Lender expressly for inclusion therein, in any offering document, prospectus or other published materials (other than the Authority's staff reports, annual statements, audited financial statements and rating agency presentations or to the extent, but only to the extent, required to be disclosed by Law) without the prior written consent of the Lender.

*Section 9.22. Maintenance of Tax-Exempt Status of Advances and Note.* The Authority shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the excludability of interest on the Note from gross income for purposes of federal income taxation or the exemption of such interest from Commonwealth of Pennsylvania personal income taxes.

*Section 9.23. Indebtedness.* Without the prior written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed, after the date of this Agreement, the Authority will not create, incur, assume or suffer to exist any Indebtedness except for indebtedness permitted by the First Lien Indenture, the Subordinate Indenture and loans from PennVest; and the Authority shall not breach any of its obligations under the Related Documents.

*Section 9.24. Federal Reserve Board Regulations.* The Authority shall not use any portion of the proceeds of the Advances for the purpose of carrying or purchasing any Margin Stock and shall not incur any Indebtedness which is to be reduced, retired or purchased by the Authority out of such proceeds.

*Section 9.25. Underlying Rating.* The Authority shall at all times maintain not less than two long-term unenhanced ratings from Moody's, S&P and Fitch.

*Section 9.26. Further Assurances.* The Authority will execute and deliver, or cause to be executed and delivered, to the Lender from time to time, promptly upon request therefor, any and all other and further instruments (including correction instruments) that may be requested by the Lender to cure any deficiency in the execution and delivery of this Agreement or any other Authority Related Document or more fully to describe or give effect to particular aspects of any of the Authority's agreements and undertakings provided in this Agreement or intended to be so provided.

*Section 9.27. Pension Plans.* The Authority will not establish or contribute to any Pension Plan without providing advance written notice of such establishment or contribution to the Lender. To the extent any Pension Plan is maintained at any time in whole or in part by the Authority, the Authority shall maintain each such Pension Plan in compliance in all material respects with the applicable provisions of the Code and other applicable Law and shall make all required contributions to each such Pension Plan. The Authority shall not permit, at any time, any such Pension Plan to: (a) engage in any nonexempt "prohibited transaction" (as defined in Section 503 of the Code); (b) fail to comply with applicable Laws; (c) incur any material increase in its Unfunded Pension Liability; or (d) terminate in any manner; which, in the case of any such event, has resulted, or could reasonably be expected to result, in a Material Adverse Change.

*Section 9.28. Ranking of Obligations.* The Authority shall not take (or fail to take) any action that would result in the Obligations and the Note not ranking at least pari passu in right of payment and security from the System Revenues with the PennVest Loans and ranking subordinate to the obligations set forth in the First Lien Indenture and the Subordinate Indenture.

*Section 9.29. PennVest Program.* To the extent that the PennVest Loans in existence as of the Effective Date are repaid in full and the program with PennVest and the Authority is terminated, the Authority shall not replace the PennVest Loans or the program related thereto without the prior written consent of the Lender; provided, however, that no provision of this Agreement shall prevent the Authority from obtaining additional loans from PennVest so long as the program with PennVest and the Authority is in existence.

*Section 9.30. Preservation of Pledge.* The Authority will take any and all actions necessary or reasonably requested by the Lender to maintain and perfect the pledges and security interests described in Section 5.01.

*Section 9.31. Repayment of Obligations.* Unless the payment of the principal of the Obligations and the Note otherwise shall be provided for by or on behalf of the Authority from proceeds of other available moneys, on or before the respective maturity dates thereof the Authority shall, to the extent and as permitted by law, provide for the issuance, sale and delivery of bonds or other obligations of the Authority (or otherwise obtain governmental financing) in an amount sufficient to provide for the payment of the outstanding principal of the Obligations hereunder and the Note at their respective maturity dates thereof.

## ARTICLE X

### EVENTS OF DEFAULT

*Section 10.01. Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Lender:

(a) the Authority shall fail to pay any principal of or interest on the Note or an Advance as and when due (whether by scheduled maturity, required prepayment, redemption or otherwise); or

(b) the Authority shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on an Advance or the Note) when due and such failure shall continue for five (5) calendar days; or

(c) any representation or warranty made by or on behalf of the Authority in this Agreement or in any other Related Document or in any certificate, financial statement or other document delivered in connection with or pursuant to this Agreement or any other Related Document (i) that is not qualified by materiality shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered or (ii) that is qualified by materiality shall be incorrect or untrue in any respect when made or deemed to have been made or delivered; or



(d) the Authority shall default in the due performance or observance by it of any Incorporated Provision and/or default in the due performance or observance of any of the covenants set forth in Section 9.01, 9.02, 9.03, 9.05(g), 9.09, 9.10, 9.11(b), 9.12, 9.14(b), 9.15, 9.18, 9.20, 9.21, 9.22, 9.23, 9.24, 9.25, 9.27, 9.28, 9.29, 9.30 and/or 9.31 hereof; or

(e) the Authority shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement (other than those referred to in clauses (a), (b), (c) and (d) above) or any other Related Document and such default shall remain unremedied for a period of thirty (30) calendar days after the occurrence thereof; provided, however, that if such failure is reasonably susceptible of cure, but cannot be cured within such thirty (30) day period, then, so long as the Authority promptly commences cure and thereafter diligently pursues such cure to completion, then the cure period provided for in the foregoing provisions of this clause (e) shall be extended for a reasonable period within which the Authority may complete such cure, such period not to exceed an additional thirty (30) days; or

(f) the Authority shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property (including, without limitation, the Water and Sewer System), (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 10.01(g) of this Agreement; or

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Authority or any substantial part of its Property (including, without limitation, the Water and Sewer System), or a proceeding described in Section 10.01(f)(i) shall be instituted against the Authority and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more calendar days; or

(h) a debt moratorium, debt restructuring (other than a refinancing or refunding in the ordinary course of the Authority's business), debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Indebtedness of the Authority by the Authority or any Governmental Authority with appropriate jurisdiction; or

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Advances or the Note or any Parity Obligations or Senior Obligations or (B) the validity or enforceability of the pledge of the System Revenues or any other pledge or lien created by this Agreement shall at any time for any reason cease to be valid and binding on the Authority as a result of a finding or ruling by a court or Governmental

Authority with competent jurisdiction, or shall be declared by any court to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Advances or the Note or any Parity Obligations or Senior Obligations, or (B) the validity or enforceability of the pledge of the Subordinate Receipts and Revenues, Trust Assets or any other pledge or lien created by the Subordinate Indenture or this Agreement shall be publicly contested by the Authority; or

(ii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority as a result of a ruling or finding by a court or a Governmental Authority with competent jurisdiction or shall be declared by any court to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority; or

(j) dissolution or termination of the existence of the Authority or the Water and Sewer System; or

(k) any default on the part of the Authority shall exist, and shall remain unwaived or uncured beyond the expiration of any applicable notice and/or grace period, (i) with respect to the payment of the principal of or interest on any Parity Obligations or Senior Obligations including, without limitation, any Periodic Payments which constitute Parity Obligations or Senior Obligations, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Obligations or Senior Obligations was created or incurred; or (ii) under any other contract or agreement or of the Authority which default, if uncured, would materially and adversely affect the Authority's ability to perform its obligations hereunder (including, without limitation, any of the Related Documents); or

(l) any default shall exist and remain unwaived or uncured (i) under any contract or agreement now existing or hereafter entered into with or for the benefit of the Lender or any Affiliate of the Lender in any capacity or capacity and such default shall remain unwaived or uncured beyond the period of grace, if any, provided in such contract or agreement; or (ii) with respect to any other Indebtedness of the Authority or any for borrowed money in excess of \$1,000,000 in aggregate principal amount or the advance of credit in excess of \$1,000,000 in aggregate principal amount; or any such other Indebtedness for borrowed money in excess of \$1,000,000 in aggregate principal amount shall not have been paid when due, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur which permits, or with the lapse of time or the giving of notice or both would permit, the acceleration of the maturity of any such Indebtedness in excess of \$1,000,000 in aggregate principal amount by the holder or holders thereof; or

(m) (i) there shall be entered against the Authority any final uninsured judgment (or insured judgment if the insurer has disputed coverage in writing) which, singly or with any other final uninsured judgment or judgments (or insured judgment or insured judgments if the insurer has disputed coverage in writing) against the Authority, exceeds \$1,000,000 and remains unpaid for a period of thirty (30) calendar days, or (ii) any of the Collateral shall become subject to any

stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of the Authority and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within thirty (30) calendar days after its issue or levy; or

(n) the Water and Sewer System shall suffer substantial loss, theft, taking, damage or destruction to or of any of its Property which (i) is uninsured or (ii) if insured, nonetheless would have a material adverse effect upon the business, operations or financial condition of the Water and Sewer System; or the Water and Sewer System shall suffer the loss (or proceedings shall be commenced which could result in the loss) of any license or permit material to the operation of the Water and Sewer System for the purposes intended; or

(o) the security interest and lien of the Lender in or on any of the Collateral shall not be in full force and effect as a fully perfected lien with the priority intended by the provisions hereof, or any Person shall contest the validity, enforceability or perfection of any lien granted pursuant to this Agreement, or any party to the this Agreement shall seek to disaffirm, terminate, limit or reduce its obligation under any of the foregoing instruments or if the payment obligations or security interests provided herein become invalid, unenforceable or null and void, for any reason; or

(p) any of the long term unenhanced ratings assigned by Moody's or S&P to any Senior Obligations are withdrawn or suspended for any reason or reduced below (i) "Baa2" (or the equivalent) in the case of Moody's or (ii) "BBB" (or the equivalent) in the case of S&P; or

(q) any "event of default" (as defined in Subordinate Indenture) shall have occurred or any failure or default under any of the Related Documents shall have occurred and shall have continued beyond the expiration of any applicable notice and/or grace period; or

(r) (i) the occurrence and continuation of an "Event of Default" as described in Section 8.01 of the Senior Lien Indenture which results in an acceleration of principal of any of the First Lien Bonds then Outstanding; or (ii) the occurrence and continuation of an "Event of Default" as described in Section 8.01 of the Subordinate Indenture which results in an acceleration of principal of any of the Subordinate Bonds then Outstanding.

*Section 10.02. Consequences of an Event of Default.* If an Event of Default specified in Section 10.01 hereof shall occur and be continuing, the Lender may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) by written notice to the Authority, declare the outstanding amount of the Obligations under this Agreement to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) by written notice to the Authority, reduce the Commitment Amount and/or the Available Commitment to zero and, thereafter, the Lender will have no further obligation to make Revolving Advances hereunder and/or terminate the Commitment;

(iii) deliver a written notice to the Authority that an Event of Default has occurred and is continuing and direct the Authority to cause a mandatory tender for purchase or redemption of the Note;

(iv) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Lender in the Related Documents;

(v) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; provided, however, that the Lender shall have no obligation to effect such a cure; and

(vi) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (iii) of this Section 10.02(a)) and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 10.02(a)(i), 10.02(a)(ii) or 10.02(a)(iii), upon the occurrence of an actual or deemed entry of an order for relief with respect to the Authority or a substantial part of its Property (including the Water and Sewer System) under the United States Bankruptcy Code (i) the outstanding amount of the Obligations shall automatically become due and payable, (ii) the Commitment shall automatically terminate and (ii) the Lender may deliver a written notice to the Authority that an Event of Default has occurred and is continuing and direct the Authority to cause a mandatory tender for purchase or redemption of the Note or take such other remedial action as is provided for in the Note or this Agreement.

(c) Notwithstanding the foregoing, however, the Lender agrees: (i) that an event of default under this Agreement may be an event of default under the First Lien Indenture and the Subordinate Indenture, and (ii) that, notwithstanding the occurrence of any event of default in respect of the Obligations, the Lender shall not be entitled to exercise any rights or remedies with respect to the Receipts and Revenues until and unless the Bond Trustee shall have instituted proceedings to exercise its rights pursuant to the First Lien Indenture and the Subordinate Indenture, as applicable.

*Section 10.03. Remedies Cumulative; Solely for the Benefit of Lender.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Lender in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Lender, and the exercise or the beginning of the exercise of any power or

remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Lender specified herein are for the sole and exclusive benefit, use and protection of the Lender, and the Lender is entitled, but shall have no duty or obligation to the Authority, the Trustee or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Lender hereunder or under any of the other Related Documents.

*Section 10.04. Waivers or Omissions.* No delay or omission by the Lender in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Lender or to be acquiescence therein. No express or implied waiver by the Lender of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 10.05. Discontinuance of Proceedings.* In case the Lender shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Lender shall have the unqualified right so to do and, in such event, the Authority and the Lender shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Lender hereunder shall continue as if the same had never been invoked.

## ARTICLE XI

### INDEMNIFICATION

*Section 11.01. Indemnification.* In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Noteholder and Participant and their respective officers, directors, employees and agents (each, an "Indemnatee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with: (a) the execution and delivery or transfer of, or payment or failure to pay under, this Agreement or any other Related Document; (b) the issuance and sale of the Note; (c) the use of the proceeds of the Advances or the Note; and (d) any Government Acts; provided that the Authority shall not be required to indemnify an Indemnatee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnatee as determined by a final and non-appealable judgment or order of a court of competent jurisdiction. The Lender agrees to notify in writing the Authority promptly of all claims against the Lender for which it may seek reimbursement from the Authority pursuant to this Section; but the Lender shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the indemnification otherwise due to the Lender pursuant to this Agreement. No provision of this Section shall be construed to benefit any third party other than the Indemnitees and/or any successors or assigns of the Lender. The Authority shall not be liable

for any settlement of any such action effected without its consent, which consent shall not be unreasonably withheld or delayed. Nothing under this Section 11.01 is intended to limit the Authority's payment of the Obligations.

*Section 11.02. Survival.* The obligations of the Authority under this Article XI shall survive the payment of the Obligations and the Note and the termination of this Agreement.

## ARTICLE XII

### MISCELLANEOUS

*Section 12.01. Patriot Act Notice.* The Lender hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Lender to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Lender.

*Section 12.02. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Lender, the Authority will, at the Authority's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Lender, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Subordinate Indenture. Upon any failure by the Authority to do so, the Lender or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Authority, all at the sole expense of the Authority, and the Authority hereby appoints the Lender and the Trustee the agent and attorney-in-fact of the Authority to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Authority irrevocably authorizes the Lender at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Lender to establish or maintain the validity, perfection and priority of the security interests granted in this Agreement, and the Authority ratifies any such filings made by the Lender prior to the date hereof. In addition, at any time, and from time to time, upon request by the Lender or the Trustee, the Authority will, at the Authority's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Lender, be necessary or desirable in order to verify the Authority's identity and background in a manner satisfactory to the Lender.

*Section 12.03. Amendments and Waivers; Enforcement.* The Lender and the Authority may from time to time enter into agreements amending, modifying or supplementing this

Agreement or the other Related Documents or changing the rights of the Lender or the Authority hereunder or thereunder, and the Lender may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Authority hereunder or thereunder. Any such agreement, waiver or consent (i) must be in writing and (ii) shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

*Section 12.04. No Implied Waiver; Cumulative Remedies.* No course of dealing and no delay or failure of the Lender in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights or remedies which the Lender would otherwise have under any Related Document, at law or in equity.

*Section 12.05. Notices.* All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (a) if by first class mail, five (5) calendar days after mailing; (b) if by overnight delivery, on the next Business Day; (c) if by telephone, when given to a person who confirms such receipt; and (d) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The Authority:

The Pittsburgh Water and Sewer Authority

[REDACTED]  
[REDACTED]  
[REDACTED]  
Pittsburgh, Pennsylvania 15219

Attention: Executive Director

Facsimile: [REDACTED]

Telephone: [REDACTED]

with a copy to:

Clark Hill PLC

[REDACTED]  
[REDACTED]  
[REDACTED]  
Pittsburgh, Pennsylvania 15219  
Attention: Mark F. Nowak

Facsimile: [REDACTED]

Telephone: [REDACTED]

Email: [REDACTED]

To the Lender:

JPMorgan Chase Bank, National Association  
3 [REDACTED] Floor  
[REDACTED] NY 10076  
New York, New York 10076  
Attention: [REDACTED], Executive Director, Public  
Finance - Credit Origination  
Telephone: [REDACTED]  
Telecopy: [REDACTED]  
E-mail: [REDACTED]

with a copy to:

JPMorgan Chase Bank, National Association  
Loan and Agency Services  
100 Stanton Christiana Road, Ops 2, 3rd Floor  
Newark, Delaware 19713-2107  
Attention: Christine Abau  
Telephone: [REDACTED]  
Email: [REDACTED]

And, for compliance-related items, with a copy to:

[REDACTED]  
public.finance.notices@jpmchase.com

and with all payments and other Obligations owing to the  
Lender to be made to:

[REDACTED]  
JPMorgan Chase Bank, N.A.  
[REDACTED]  
[REDACTED]  
Newark, Delaware 19713-2107  
Newark, Delaware 19713-2107

The Lender may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

*Section 12.06. Right of Setoff.* (a) Upon the occurrence of an Event of Default, a Noteholder may, at any time and from time to time, without notice to the Authority or any other person (any such notice being expressly waived), set off and appropriate and apply against and on account of any Obligations under this Agreement, without regard to whether or not such Noteholder shall have made any demand therefor, and although such Obligations may be contingent or unmatured, any and all deposits, (general or special, including but not limited to deposits made pursuant to this Agreement and Indebtedness evidenced by certificates of deposit,



whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Indebtedness at any time held or owing by such Noteholder to or for the credit or the account of any or all of the Authority.

(b) Each Noteholder agrees promptly to notify the Authority after any such set-off and application referred to in subsection (a) above, provided that the failure to give such notice shall not affect the validity of such set-off and application. Subject to the provisions of subsection (a) above, the rights of a Noteholder under this Section 12.06 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Noteholder may have.

(c) Notwithstanding the foregoing, upon the exercise of any set-off rights under this Section 12.06, the Noteholder exercising such rights shall promptly notify the Trustee of such exercise, and such Noteholder shall hold any moneys collected in such set-off in trust for the benefit of the Trustee, such amounts to be applied in accordance with the liens created on Receipts and Revenues of the Authority in accordance with the First Lien Indenture and the Subordinate Indenture.

*Section 12.07. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto, any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

*Section 12.08. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 12.09. Governing Law; Consent to Judicial Reference.* (a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; PROVIDED THAT THE OBLIGATIONS OF THE AUTHORITY HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA.

(b) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE LENDER AND THE AUTHORITY WAIVES THE RIGHT TO TRIAL BY JURY CIVIL ACTION OR PROCEEDING ARISING OUT OF, OR BASED UPON, OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE AUTHORITY AND THE LENDER, AND THE AUTHORITY AND THE LENDER HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY PERSON OR ENTITY TO INDUCE THIS WAIVER OR TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE

RELATED DOCUMENTS. THE AUTHORITY AND THE LENDER ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF JURY TRIAL. THE AUTHORITY FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

(c) The covenants, waivers and consents made pursuant to this Section 12.09 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 12.10. Prior Understandings.* This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

*Section 12.11. Duration.* All representations and warranties of the Authority contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the Authority contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged. Notwithstanding the foregoing, the provisions of this Agreement, other than the definitions of "*Base Rate*," "*Default Rate*," "*Federal Funds Rate*," "*Prime Rate*," and any other terms and provisions that are referenced in or necessary in connection with the Subordinate Indenture or that specifically survive the termination of this Agreement, shall not be applicable at any time that the Lender, any Lender Transferee or any combination thereof, no longer owns a majority of the aggregate principal amount of the Note and the Obligations payable hereunder have been paid in full.

*Section 12.12. Counterparts.* This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

*Section 12.13. Successors and Assigns.*

(a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, that (i) the Authority may not assign or transfer any of its rights or obligations hereunder and under the other Related Documents without the prior written consent of the Lender and any assignment without such consent shall be void, and (ii) unless the intended assignee is an Affiliate of the Lender, the Lender may not assign or transfer any of its rights or obligations hereunder, under the Note or under the Related Documents without the prior written consent of the Authority, which consent shall not be unreasonably withheld, and any assignment without

such consent shall be void (provided that no such consent of the Authority shall be required upon the occurrence and during the continuance of any Event of Default hereunder).

(b) The Lender shall have the right to grant participations in all or a portion of the Lender's interest in the Note, this Agreement and the other Related Documents to one or more other banking institutions (the "*Participants*"), and such Participants shall, except as set forth in the clause (ii) of this subsection, be entitled to the benefits of this Agreement and the Related Documents to the same extent as if they were a direct party to this Agreement; provided, however, that (i) no such participation by any such Participant shall in any way affect the obligations of the Lender hereunder and (ii) the Authority shall be required to deal only with the Lender, with respect to any matters under this Agreement, the Note and the other Related Documents and no such Participant shall be entitled to enforce any provision hereunder against the Authority.

(c) The Lender may at any time pledge or grant a security interest in all or any portion of its rights under the Note, this Agreement and the Related Documents to secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

*Section 12.14. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 12.15. No Fiduciary Relationship.* The Authority acknowledges and agrees that its dealing with the Lender are solely in the nature of a debtor/creditor relationship and that in no event shall the Lender be considered to be a partner or joint venturer of the Authority. Also, the Authority represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Lender (including agents of the Lender), if any, in deciding to pursue such undertaking. As the Authority is experienced in business, in no event shall the Lender owe any fiduciary or similar obligations to it in connection with the subject transaction.

*Section 12.16. Electronic Signatures.* The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by

electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

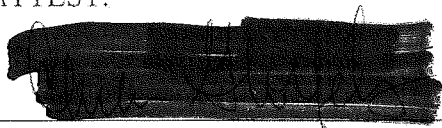
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered under seal as of the Effective Date.

THE PITTSBURGH WATER AND SEWER  
AUTHORITY

By:  (SEAL)

Chairman

ATTEST:

  
Secretary

[Signatures Continued on Following Page]

[Signatures Continued from Prior Page]

**JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION**

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

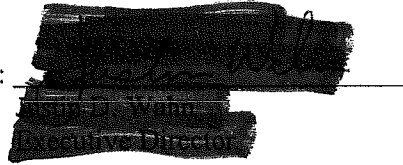
A large black rectangular redaction box covers the signature and title of the JPMorgan Chase Bank representative. The text "By:" is visible to the left of the redaction.

EXHIBIT A

FORM OF REQUEST FOR REVOLVING ADVANCE

JPMorgan Chase Bank, National Association

3 [REDACTED] 5th Floor

New York, New York 10046

New York, New York 10046

Attention: [REDACTED] Justin D. Walsh

Telephone: [REDACTED]

Facsimile: [REDACTED]

Email: [REDACTED]

JPMorgan Chase Bank, National Association

[REDACTED]

500 State Street, 2nd Floor

Newark, Delaware 19702

Attention: [REDACTED]

Telephone: [REDACTED]

Email: [REDACTED]

Re: Revolving Credit and Security Agreement dated as of July 1, 2016

Ladies and Gentlemen:

The undersigned, an Authorized Authority Representative, refers to the Revolving Credit and Security Agreement, dated as of July 1, 2016 (together with any amendments or supplements thereto, the "Agreement"), between THE PITTSBURGH WATER AND SEWER AUTHORITY, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Authority"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association, and its successors and assigns (the "Lender") (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.03 of the Agreement, that the Lender make a Revolving Advance under the Agreement, and in that connection sets forth below the following information relating to such Revolving Advance (the "Proposed Revolving Advance"):

1. The Business Day of the Proposed Revolving Advance is \_\_\_\_\_, 20\_\_ (the "Advance Date"), which is at least three Business Days following the date hereof.

2. The principal amount of the Proposed Revolving Advance is \$\_\_\_\_\_, which is not greater than the Available Commitment as of the

Advance Date set forth in 1 above, and the Interest Period for the proposed Revolving Advance is one-month.

3. The aggregate amount of the Proposed Revolving Advance shall be used solely for the payment of capital projects (including costs of issuance relating thereto) of the Authority as permitted under the Act and the Resolution.

4. After giving effect to the Proposed Revolving Advance, the aggregate principal amount of all Advances outstanding under the Agreement will not exceed the Commitment Amount.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Advance Date, before and after giving effect thereto:

(a) the undersigned is an Authorized Authority Representative;

(b) the representations and warranties of the Authority set forth in Article VIII of the Agreement and in each other Related Document are and shall be true and correct in all material respects on the date hereof and on such Advance Date as though made on the date hereof and on the date of Advance Date;

(c) no Default or Event of Default has occurred as of the date hereof or shall have occurred and be continuing on such Advance Date; and

(d) no Material Adverse Change shall have occurred on or before such Advance Date.

The Proposed Revolving Advance shall be made by the Lender by wire transfer of immediately available funds to the undersigned in accordance with the instructions set forth below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Very truly yours,

THE PITTSBURGH WATER AND SEWER  
AUTHORITY

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



EXHIBIT B

FORM OF REQUEST FOR EXTENSION

[Date]

JPMorgan Chase Bank, National Association

[Redacted Address Line]

[Redacted Address Line]

[Redacted Address Line]

Attention: [Redacted Name], [Redacted Title]

[Redacted Address Line]

Telephone: (212) [Redacted]

Facsimile: (212) [Redacted]

Email: [Redacted Email Address]

JPMorgan Chase Bank, National Association

[Redacted Address Line]

[Redacted Address Line]

[Redacted Address Line]

Attention: [Redacted Name], [Redacted Title]

Telephone: (212) [Redacted]

Email: [Redacted Email Address]

RE: Revolving Credit and Security Agreement, dated as of July 1, 2016

Ladies and Gentlemen:

Reference is made to the Revolving Credit and Security Agreement, dated as of July 1, 2016 (together with any amendments or supplements thereto, the "*Agreement*"), between THE PITTSBURGH WATER AND SEWER AUTHORITY, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "*Authority*"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association, and its successors and assigns (the "*Lender*"). All terms defined in the Agreement are used herein as defined therein.

The Authority hereby requests, pursuant to Section 2.07 of the Agreement, that the Commitment Expiration Date with respect to the Available Commitment as of the date hereof be extended to \_\_\_\_\_, \_\_\_\_\_. Pursuant to such Section 2.07, we have enclosed with this request the following information:

1. A reasonably detailed description of any and all Defaults that have occurred and are continuing;

2. Confirmation that all representations and warranties of the Authority as set forth in Article VIII of the Agreement and each Related Document are true and correct as though made on the date hereof and that no Default or Event of Default has occurred and is continuing on the date hereof; and

3. Any other pertinent information previously requested by the Lender.

The Lender is asked to notify the Authority of its decision with respect to this request within 30 days of the date of receipt hereof. If the Lender fails to notify the Authority of the Lender's decision within such 30-day period, the Lender shall be deemed to have rejected such request.

Very truly yours,

THE PITTSBURGH WATER AND SEWER  
AUTHORITY

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

## **SCHEDULE A**

### **LIST OF LIENS**

- A. Priority Liens (i.e. liens senior to the lien in favor of Lender hereunder).
  - 1. Liens under the First Lien Indenture (now or in the future). The current such liens are reflected in the SENIOR INDENTURE AND SUPPLEMENTS chart set forth below.
  - 2. Liens under the Subordinate Indenture (now or in the future). The current such liens are reflected in the SUBORDINATE INDENTURE AND SUPPLEMENTS chart set forth below.
- B. Parity Liens (i.e. liens on parity with the lien in favor of Lender hereunder).
  - 1. Liens in favor of PennVest under the loans between PennVest and the Authority (now or in the future). The current such liens are reflected in the PENNVEST LOANS chart set forth below. Note: the parity relationship between PennVest and the Lender is set forth in the Intercreditor Agreement.

[Attached three charts form part of this Schedule A]

## SENIOR INDENTURE AND SUPPLEMENTS

<u>Key</u>	<u>Indenture</u>	<u>Comments</u>	<u>LOC Bank, SBPA Bank, Swap Counterparty and/or Bond Insurer</u>
Senior #1	Trust Indenture dated as of October 15, 1993		
Senior #2	First Supplemental Indenture dated as of July 15, 1995		
Senior #3	Second Supplemental Indenture dated as of March 1, 1998	** Series B of 1998 Bonds (\$32,400,242 outstanding, fixed rate, CABS, not callable, final maturity 2030)	** Bonds Insured by FGIC.  ** FGIC provides DSRF policy.  ** Per a 10/22/09 Letter Agreement, National Public Finance Guaranty Corporation (on behalf of FGIC) has certain consent rights with respect to the LOCs on the 2008B-1 and 2008B-2 Bonds.
Senior #4	Third Supplemental Indenture dated as of March 1, 2002		
Senior #5	Fourth Supplemental Indenture dated as of September 15, 2003		
Senior #6	Fifth Supplemental Indenture dated as of June 1, 2005		
Senior #7	Sixth Supplemental Indenture dated as of March 1, 2007	** Series A of 2007 Bonds (\$10,700,000 outstanding, fixed rate, not callable, final	** Bonds insured by FSA (now AGM).  ** FSA (now

		maturity 2017)	AGM) provides DSRF policy.
Senior #8	Seventh Supplemental Indenture dated as of June 1, 2008	<p>** Series A of 2008 (\$68,970,000 outstanding, fixed rate, currently callable, final maturity 2024)</p> <p>** Series B-1 of 2008 (\$72,750,000 outstanding, variable, currently callable, final maturity 2039)</p> <p>** Series B-2 of 2008 (\$72,745,000 outstanding, variable, currently callable, final maturity 2039)</p> <p>** Series D-1 of 2008 (\$24,665,000 outstanding, fixed rate, callable 9/1/2018, final maturity 2031)</p> <p>** Series D-2 of 2008 (\$71,225,000 outstanding, variable, currently callable, final maturity 2040)</p>	<p>** 2008A, 2008D-1 and 2008D-2 Bonds insured by FSA (now AGM).</p> <p>** 2008B-1 and 2008B-2 Bonds used to be insured by FSA, but the policy was terminated in 2009 – no longer insured.</p> <p>** FSA (now AGM) provides the DSRF policy with respect to all of these 2008 Bonds.</p> <p>** Per a 10/22/09 Letter Agreement, National Public Finance Guaranty Corporation (on behalf of FGIC) has certain consent rights with respect to the LOCs on the 2008B-1 and 2008B-2 Bonds.</p> <p>** Swaps on 2008B-1, 2008B-2 and 2008D-2 Bonds supplied by JPMorgan Chase Bank, National Association and Merrill Lynch Capital Services Inc. Swaps insured by FSA</p>

			<p>(now AGM).</p> <p>** 2008B-1 Bonds secured by LOC from Bank of America, N.A. expiring 10/21/18.</p> <p>** 2008B-2 Bonds secured by LOC from Royal Bank of Canada expiring 10/21/16 (not being extended; the Authority in process of obtaining replacement LOC).</p> <p>** 2008D-2 Standby Bond Purchase Agreement liquidity facility provided by PNC Bank, N.A., expiring 8/4/17.</p>
Senior #9	Amending Supplement to the Initial First Lien Indenture and the Seventh Supplemental Indenture dated as of October 15, 2009	[Relates to removing FSA insurance and Dexia liquidity facility from 2008B-1 and 2008B-2 Bonds and adding LOCs to secure those bonds.]	
Senior #10	Second Amendment to the Seventh Supplemental Indenture dated as of August 1, 2010	[Contains minor change to provisions related to 2008D-2 Bonds.]	
Senior #11	Second Amending Supplement to the Initial First Lien Indenture and the Third Amending Supplement to the Seventh	[Involves extension/replacement of LOC providers for 2008B-1 and 2008B-2 Bonds.]	

	Supplemental Indenture dated as of October 22, 2013		
Senior #12	Eighth Supplemental First Lien Indenture dated as of December 1, 2013	<p>** Series A of 2013 (\$106,905,000 outstanding, fixed rate, callable 9/1/2023, final maturity 2033)</p> <p>** Series B of 2013 (\$84,880,000 outstanding, fixed rate, callable 9/1/2023, final maturity 2040)</p>	<p>** 2013A and 2013B Bonds insured by AGM.</p> <p>** AGM provides DSRF Policy for 2013A Bonds (2013B Bonds DSRF funded by bond proceeds).</p>

## SUBORDINATE INDENTURE AND SUPPLEMENTS

<u>Key</u>	<u>Indenture</u>	<u>Comments</u>	<u>LOC Bank, SBPA Bank and/or Bond Insurer</u>
Subordinate #1	Subordinate Trust Indenture dated as of July 15, 1995		
Subordinate #2	First Supplemental Subordinate dated as of March 1, 1998		
Subordinate #3	Second Supplemental Subordinate Indenture dated as of June 1, 2008	<p>** Series C-1A of 2008 (\$10,000,000 outstanding, variable, currently callable, final maturity 2035)</p> <p>** Series C-1B of 2008 (\$10,000,000 outstanding, variable, currently callable, final maturity 2035)</p> <p>** Series C-1C of 2008 (\$5,000,000 outstanding, variable, currently callable, final maturity 2035)</p> <p>** Series C-1D of 2008 (\$26,840,000 outstanding, variable, currently callable, final maturity 2035)</p> <p>** Series C-2 of 2008 (\$51,820,000 outstanding, variable, currently callable, final maturity 2035)</p>	<p>** 2008C-1D and 2008C-2 Bonds are insured by FSA (now AGM).</p> <p>** 2008C-1A, 2008C-1B and 2008C-1C Bonds were insured by FSA but that insurance was terminated in 2013.</p> <p>** FSA (now AGM) provides DSRF policy for all of the 2008C-1 and 2008C-2 Bonds.</p> <p>** Swaps on all 2008C-1 and 2008C-2 Bonds supplied by JPMorgan Chase Bank, National Association and Merrill Lynch Capital Services Inc. (part of the same swap structure as for the Senior 2008B-1,</p>



			<p>2008B-2 and 2008D-2 Bonds.) Swaps insured by FSA (now AGM).</p> <p>** 2008C-1A, 2008C-1B and 2008C-1C Bonds directly placed with Bank of America, N.A. affiliate (Banc of America Preferred Funding Corporation), expiring 9/3/17.</p> <p>** 2008C-1D Bonds directly placed with Bank of America, N.A., expiring 9/1/18.</p> <p>** 2008C-2 Bonds directly placed with JPMorgan Chase Bank, N.A. affiliate (DNT Asset Trust), expires 11/3/18.</p>
Subordinate #4	Amending Supplement to the Initial Subordinate Indenture and Second Supplemental Subordinate Indenture dated as of November 1, 2009	[Relating to credit enhancement replacement on 2008C-1 Bonds.]	
Subordinate #5	Second Amending Supplement to the Second Supplemental Subordinate Indenture dated as of September 1, 2012	[Relates to amendments in order to remarket 2008C-1D Bonds.]	
Subordinate #6	Third Amending	[Relates to direct	

	Supplement to the Second Supplemental Subordinate Indenture dated as of September 1, 2013	placement of 2008C-1A, 2008C-1B and 2008C-1C Bonds with Banc of America Preferred Funding Corporation, and termination of FSA (now AGM) insurance on those bonds.]	
Subordinate #7	Fourth Amending Supplement to the Second Supplemental Subordinate Indenture dated as of November 3, 2014	[Relates to direct placement of 2008C-2 Bonds with DNT Asset Trust (affiliate of JPMorgan Chase Bank, N.A.).	
Subordinate #8	Fifth Amending Supplement to the Second Supplemental Subordinate Indenture dated as of September 1, 2015	[Relates to direct placement of 2008C-1D Bonds with Bank of America, N.A.]	

# PENNVEST LOANS

<u>Number</u>	<u>PennVest No.</u>	<u>Date</u>	<u>Original Principal Amount</u>	<u>Project</u>	<u>Project ID Number</u>
1	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer (Storm Sewer)	[REDACTED]
2	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer (Storm Water)	[REDACTED]
3	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water	[REDACTED]
4	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
5	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water	[REDACTED]
6	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
7	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water	[REDACTED]
8	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
9	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water (Treatment Plant)	[REDACTED]
10	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
11	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water	[REDACTED]
12	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water	[REDACTED]
13	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
14	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
15	[REDACTED]	[REDACTED]	\$ [REDACTED]	Water	[REDACTED]
16	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer	[REDACTED]
17	[REDACTED]	[REDACTED]	\$ [REDACTED]	Sewer (Storm Water)	[REDACTED]

<sup>1</sup>Amended December 5, 2002 Loan Agreement pursuant to Amendment to Loan Agreement dated July 20, 2006. Regarding No. 71217, PennVest originally approved the loan for \$ [REDACTED] on July 18, 2001. PWSA asked the loan to be reduced to \$ [REDACTED], which was done and was reflected in the 12/5/2002 Loan Agreement. Subsequently, PWSA asked PennVest to "re-encumber" \$ [REDACTED] of the original approval, which was done and evidenced by a second note for \$295,100 dated July 20, 2006.

<sup>2</sup>Amendment to Loan Agreement dated March 26, 2002.

<sup>3</sup>Amendment to Loan Agreement dated October 18, 2001 and Second Amendment to Loan Agreement dated March 26, 2002.

<sup>4</sup>Loan Agreement dated June 19, 2001; Note dated June 18, 2001. Amendment to Loan Agreement dated October 18, 2001 and Second Amendment to Loan Agreement dated March 26, 2002.